



India 2012-Power For All  
NTPC 2012-50000 MW

ANNUAL  
REPORT  
2008-2009

## VISION

“A WORLD CLASS INTEGRATED POWER MAJOR,  
POWERING INDIA’S GROWTH,  
WITH INCREASING GLOBAL PRESENCE”

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## CORE VALUES

**(B-COMIT)**

**B**USINESS ETHICS

**C**USTOMER FOCUS

**O**RGANISATIONAL & PROFESSIONAL PRIDE

**M**UTUAL RESPECT & TRUST

**I**NNOVATION & SPEED

**T**OTAL QUALITY FOR EXCELLENCE

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## CORPORATE MISSION

“DEVELOP AND PROVIDE RELIABLE POWER, RELATED PRODUCTS  
AND SERVICES AT COMPETITIVE PRICES, INTEGRATING MULTIPLE  
ENERGY SOURCES WITH INNOVATIVE AND ECO-FRIENDLY  
TECHNOLOGIES AND CONTRIBUTE TO SOCIETY ”



## CORPORATE OBJECTIVES

To realise the vision and mission, eight key corporate objectives have been identified. These objectives would provide the link between the defined mission and the functional strategies:

### ■ Business portfolio growth

- To further consolidate NTPC's position as the leading thermal power generation company in India and establish a presence in hydro power segment.
- To broaden the generation mix by evaluating conventional and non-conventional sources of energy to ensure long run competitiveness and mitigate fuel risks.
- To diversify across the power value chain in India by considering backward and forward integration into areas such as power trading, transmission, distribution, coal mining, coal beneficiation, etc.
- To develop a portfolio of generation assets in international markets.
- To establish a strong services brand in the domestic and international markets.

### ■ Customer Focus

- To foster a collaborative style of working with customers, growing to be a preferred brand for supply of quality power.
- To expand the relationship with existing customers by offering a bouquet of services in addition to supply of power e.g. trading, energy consulting, distribution consulting, management practices.
- To expand the future customer portfolio through profitable diversification into downstream businesses, inter alia retail distribution and direct supply.
- To ensure rapid commercial decision making, using customer specific information, with adequate concern for the interests of the customer.

### ■ Agile Corporation

- To ensure effectiveness in business decisions and responsiveness to changes in the business environment by:
  - Adopting a portfolio approach to new business development.
  - Continuous and co-ordinated assessment of the business environment to identify and respond to opportunities and threats.
- To develop a learning organisation having knowledge-based competitive edge in current and future businesses.
- To effectively leverage Information Technology to ensure speedy decision making across the organisation.

### ■ Performance Leadership

- To continuously improve on project execution time and cost in order to sustain long run competitiveness in generation.
- To operate & maintain NTPC stations at par with the best-run utilities in the world with respect to availability, reliability, efficiency, productivity and costs.
- To effectively leverage Information Technology to drive process efficiencies.

- To aim for performance excellence in the diversification businesses.
- To embed quality in all systems and processes.

### ■ Human Resource Development

- To enhance organisational performance by institutionalising an objective and open performance management system.
- To align individual and organisational needs and develop business leaders by implementing a career development system.
- To enhance commitment of employees by recognising and rewarding high performance.
- To build and sustain a learning organisation of competent world-class professionals.
- To institutionalise core values and create a culture of team-building, empowerment, equity, innovation and openness which would motivate employees and enable achievement of strategic objectives.

### ■ Financial Soundness

- To maintain and improve the financial soundness of NTPC by prudent management of the financial resources.
- To continuously strive to reduce the cost of capital through prudent management of deployed funds, leveraging opportunities in domestic and international financial markets.
- To develop appropriate commercial policies and processes which would ensure remunerative tariffs and minimise receivables.
- To continuously strive for reduction in cost of power generation by improving operating practices.

### ■ Sustainable Power Development

- To contribute to sustainable power development by discharging corporate social responsibilities.
- To lead the sector in the areas of resettlement and rehabilitation and environment protection including effective ash-utilisation, peripheral development and energy conservation practices.
- To lead developmental efforts in the Indian power sector through efforts at policy advocacy, assisting customers in reforms, disseminating best practices in the operations and management of power plants etc.

### ■ Research and Development

- To pioneer the adoption of reliable, efficient and cost-effective technologies by carrying out fundamental and applied research in alternate fuels and technologies.
- To carry out research and development of breakthrough techniques in power plant construction and operation that can lead to more efficient, reliable and environment friendly operation of power plants in the country.
- To disseminate the technologies to other players in the sector and in the long run generating revenue through proprietary technologies.



## REFERENCE INFORMATION

### Registered Office

NTPC Bhawan, SCOPE Complex ,  
7, Institutional Area, Lodi Road,  
New Delhi – 110 003  
Phone No. : 011-2436 0100  
Fax No. : 011-2436 1018  
Web site : www.ntpc.co.in

### Subsidiaries

NTPC Electric Supply Company Ltd.  
NTPC Hydro Ltd.  
NTPC Vidyut Vyapar Nigam Ltd.  
Pipavav Power Development Company Ltd.  
Kanti Bijlee Utpadan Nigam Limited  
Bhartiya Rail Bijlee Company Limited

### Registrar & Share Transfer Agent

Karvy Computershare Pvt. Ltd.  
17-24, Vittal Rao Nagar, Madhapur  
Hyderabad – 500 081  
Phone No. : 040-2342 0815-28  
Fax No. : 040-2342 0814  
E- Mail – Id : mailmanagar@karvy.com

### Shares listed at

National Stock Exchange of India Limited  
Bombay Stock Exchange Limited

### Depositories

National Securities Depository Limited  
Central Depository Services (India) Limited

### Company Secretary

A.K. Rastogi

### Bankers

Allahabad Bank  
Andhra Bank  
Bank of Baroda  
Bank of India  
Canara Bank  
Central Bank of India  
Citi Bank, NA  
Dena Bank  
Indian Overseas Bank  
ICICI Bank Ltd.  
Jammu & Kashmir Bank Ltd.  
Oriental Bank of Commerce  
Punjab National Bank  
Punjab & Sind Bank  
State Bank of Bikaner & Jaipur  
State Bank of Mysore  
State Bank of Hyderabad  
State Bank of India  
State Bank of Patiala  
State Bank of Travancore  
UCO Bank  
Union Bank of India  
United Bank of India  
Vijaya Bank

### Auditors

M/s Varma & Varma  
M/s B.C. Jain & Co.  
M/s Parakh & Co.  
M/s S.K. Mittal & Co.  
M/s Dass Gupta & Associates  
M/s S.K. Mehta & Co.





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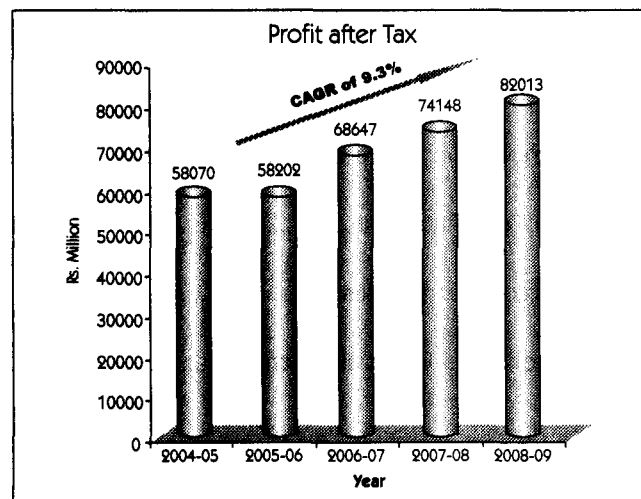
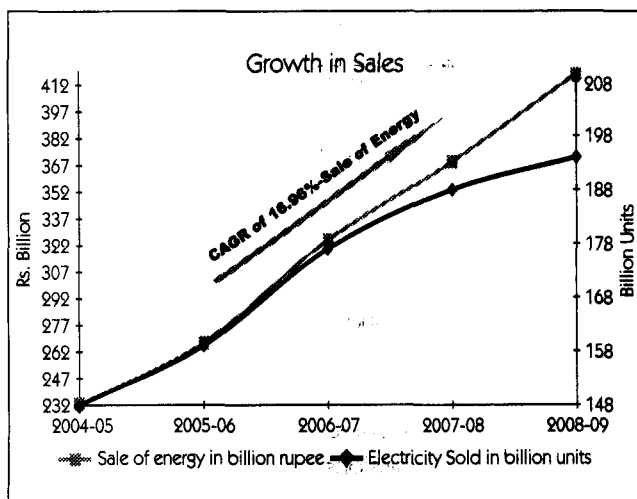


## THE YEAR AT A GLANCE

		2009	2008
Gross Generation	Million Units	206939	200863
Commercial Generation	"	206156	200280
Energy sent out	"	193688	187988
Sale of Energy	Rs. Million	417913	369462
Profit before tax	"	93595	102549
Profit after tax	"	82013	74148
Dividend	"	29683	28859
Dividend tax	"	5017	4905
Retained Earnings	"	47313	40384
Net Fixed Assets	"	329377	260937
Net Worth	"	573701	526386
Loan Funds	"	345678	271906
Capital Employed	"	641834	588868
Net Cash From Operations	"	96881	97860
Value Added	"	140548	127538
No. of Employees #	Number	23639	23674
Value added per employee	Rs Million	5.95	5.39
Debt to Equity	Ratio	0.60	0.52
Debt Service Coverage Ratio (DSCR)	Times	3.67	4.16
Interest Service Coverage Ratio (ISCR)	Times	10.19	13.02
Return on Capital Employed	%	14.29	14.07
Face Value Per share	Rs.	10.00	10.00
Dividend Per Share	"	3.60*	3.50
Book Value Per Share	"	69.58	63.84
Earnings Per Share	"	9.95	8.99

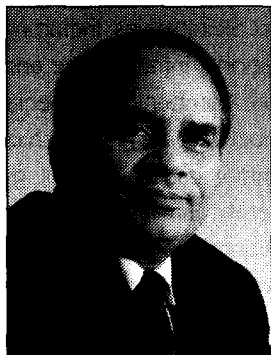
# excluding JVs and Subsidiaries

\*including final dividend recommended by the Board





## LETTER TO SHAREHOLDERS



Dear fellow share-owner of NTPC,

Your Company has posted impressive operational and financial numbers during a period marked by economic slow down and market volatility.

NTPC's total income reached Rs. 452.56 billion, an increase of 13.11% over the previous year. Your Company earned a profit of Rs. 82.01 billion, an increase of 10.61% over the previous year.

Your Company's performance in the stock market remained rock solid during a period witnessing unprecedented erosion in the value of most of the stocks. It had the third largest market capitalization of over Rs. 1482 billion as on March 31, 2009. Your Company also paid the highest ever dividend amounting to Rs. 29.68 billion at the rate of 36 per cent. The Company realized

100% payment of the current bills from its customers indicating sound commercial performance. The total asset value of your Company crossed Rs. 1.0 trillion (Rs. 1,05,225 crore) and it leverages these assets to maximize the return on your investment.

These impressive results are based upon sound operational performance indicated in all time high Availability Factor of 92.47% and PLF of 91.14% of the coal based stations. 10 coal based stations achieved more than 90% PLF with 4 achieving above 95% PLF. Your Company accounted for 28.60% of the national power generation with 18.82% of the country's capacity.

We have taken major steps for ensuring fuel security in order to sustain the high generation levels of your Company. We have entered into a Model Coal Supply Agreement with Coal India Ltd. for a period of 20-years with guaranteed supply at 90% of the Annual Contracted Quantity. We are signing an agreement with GAIL for supply of RLNG for a period of 10 years. For sustained long term supply of APM category gas by GAIL, we are also renewing the APM Agreement up to the year 2021 and PMT Agreement up to the year 2019. Your Company is also working for tie-ups of additional domestic gas/RLNG on long term commitment basis to further augment its fuel supply.

Your Company's growth is on the fast-track. Capacity aggregating to 17,930 MW is under implementation and preparatory work is underway for another 25,000 MW. NTPC is going to become a 50,000 MW Company by the year 2012 and a 75,000 MW Company by 2017. We have intensified our project monitoring activities with focus on solid execution and accelerated growth by imparting new thrust upon Information & Communication Technology (ICT) enabled processes.

NTPC is being 'built to last' as a great organization. We are in the process of formulating a Corporate Plan for the period up to the year 2032. Long-term planning horizons, maintaining financial stability with strong balance-sheet, good cash flow and focus on operational costs and productivity determine our major decisions.

Your Company is going to add new electricity supply capacity and at the same time set high environmental standards through adoption of super critical and ultra super critical parameters for higher efficiency and reduced environmental impact. Your Company is diversifying its fuel mix, promoting renewable energy and aligning its priorities with the National Action Plan for Climate Change.

With focus on 'green power' and efficiency, we have restructured our R&D set up and have established NTPC Energy Technology & Research Alliance (NETRA) to focus on research and technology development relating to green power and efficiency improvement. We are developing a technology roadmap for the period up to the year 2027. NTPC's Centre for Power Efficiency & Environmental Protection (CenPEEP) has demonstrated various state-of-the-art technologies and practices for improvement in generation efficiency and the consequent reduction in GHG emissions. Ministry of Power, NTPC and



Japan International Cooperation Agency (JICA) have decided to undertake a study on enhancing efficiency of some operating thermal plants in NTPC.

Your Company is engaged in strengthening the communities around its business units and is making a positive difference in the lives of the people in other areas too. We are connected with the society through our various CSR initiatives, including those in the areas of providing sanitation, drinking water, building rural roads, providing educational infrastructure and facilities. We have adopted 16 Industrial Training Institutes (ITIs) and are setting up 6 new ITIs. Your Company lays special emphasis on providing support to the physically challenged and making them economically productive. The first batch of physically challenged students have successfully completed training at the Information & Communication Technology (ICT) Centre established by 'NTPC Foundation' and the 'Equal Opportunities Cell' of Delhi University. Similar ICT Centres have started functioning at Thiruvananthapuram and Mysore for the visually challenged. The Foundation is setting up similar facilities in Lucknow and Ajmer. Your Company is providing support for basic and vocational education for women by way of promoting gender justice and women empowerment. We are engaged in electrification work of nearly 38,527 villages, including 27,00,000 households below poverty line in 6 States and a Union Territory under the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY). Your Company is expanding and deepening its CSR initiatives.

Your Company has an enterprise-wide-risk management framework in place. This, in conjunction with the strong corporate governance practices, transparency and fairness in our dealings, has further strengthened the robust corporate image of your Company.

The credit for the excellent performance of the Company goes to the members of Team-NTPC, who are known for their **"Can do it spirit"**. We are focused as much on employee growth and development as on assets growth and earnings.

Your Company has the capabilities and opportunities to build upon its position as the leading utility in the Indian power sector and as one of the best utilities in the world. Capitalizing on your organization's strengths and advantages, we are moving ahead with intense focus on targets and deliverables. With confidence in the outlook of the Company, we are committed to vindicate the trust you have reposed in us and to fulfil the expectations of all the stakeholders.

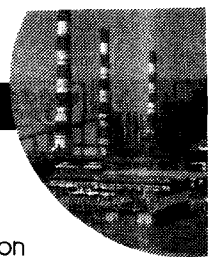
With best wishes,

Yours sincerely,

(R.S. Sharma)

Chairman & Managing Director





## NOTICE

NOTICE is hereby given that the **Thirty Third Annual General Meeting** of the members of **NTPC Limited** will be held on **Thursday, September 17, 2009 at 11.00 a.m.** at Air Force Auditorium, Subroto Park, New Delhi - 110 010, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2009 and Profit & Loss Account for the financial year ended on that date together with Report of the Board of Directors and Auditors' thereon.
2. To confirm payment of interim dividend and declare final dividend for the year 2008-09.
3. To appoint a Director in place of Shri Chandan Roy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R.K. Jain, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri A.K. Singhal, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Shri M.N. Buch, who retires by rotation and being eligible, offers himself for re-appointment.
7. To fix the remuneration of the Auditors.

### SPECIAL BUSINESS

8. To consider and, if thought fit, to pass with or without modification(s), the following resolutions as Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 or any amendment, modification or supersession thereof, the existing Article 61 and Article 62 of the Articles of Association of the Company be and are hereby altered by substituting with the following Article 61 and Article 62 respectively:-

#### **Accounts to be audited annually**

Article 61: Once at least in every financial year the accounts of the Company shall be examined and a report on the true and fair view of the state of affairs in case of the Balance Sheet and of the profit or loss in case of Profit & Loss Account as per Section 227 of the Act shall be given by one or more auditors.

#### **Appointment of auditors**

Article 62: The Auditor/ Auditors of the Company shall be appointed or re-appointed by the Comptroller and Auditor General of India in accordance with the provisions of Section 619 of the Act."

By order of the Board of Directors

(A.K. Rastogi)

Company Secretary

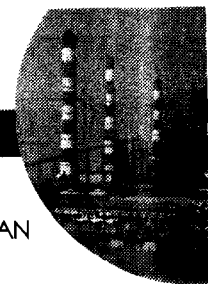
#### **Regd. Office:**

NTPC Bhawan, 7 Institutional Area,  
Lodi Road, New Delhi-110003  
Date: August 1, 2009



#### NOTES :-

1. The Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of special business under Item No. 8 above is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY - EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE ANNUAL GENERAL MEETING. BLANK PROXY FORM IS ENCLOSED.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from September 5, 2009 to September 17, 2009 (both days inclusive). The final dividend on equity shares, as recommended by the Board of Directors, subject to the provisions of Section 206A of the Companies Act, 1956, if declared at the Annual General Meeting, will be paid on or after September 22, 2009 to the Members or their mandates whose names appear on the Company's Register of Members on September 17, 2009 in respect of physical shares. In respect of dematerialized shares, the dividend will be payable to the "beneficial owners" of the shares whose names appear in the Statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on September 4, 2009.
4. Members are requested to:-
  - i) note that copies of Annual Report will not be distributed at the Annual General Meeting.
  - ii) bring their copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting.
  - iii) deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Hall will be strictly on the basis of the entry slip available at the counters at the venue to be exchanged with the attendance slip.
  - iv) quote their Folio / Client ID & DP ID Nos. in all correspondence.
  - v) **note that due to strict security reasons mobile phones, brief cases, eatables and other belongings are not allowed inside the Auditorium.**
  - vi) note that no gifts/coupons will be distributed at the Annual General Meeting.
5. Members are advised to submit their Electronic Clearing System (ECS) mandates, to enable the Company to make remittance by means of ECS. Those holding shares in physical form may obtain and send the ECS mandate form to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company. Those holding shares in Electronic Form may obtain and send the ECS mandate form directly to their Depository Participant (DP). Those who have already furnished the ECS Mandate Form to the Company/ Registrar & Share Transfer Agent /DP with complete details need not send it again.  
  
The shareholders who do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company to enable them to print these details on the dividend warrants.
6. Members holding shares in multiple folios in physical mode are requested to apply for consolidation to the Company or its Registrar & Share Transfer Agent alongwith relevant Share Certificates.
7. SEBI has made it mandatory for the transferee(s) to furnish a copy of PAN card to the Company/RTAs for registration of transfers and for securities market transactions and off-market/ private transactions involving transfer of shares in physical



form of listed companies. Accordingly, members holding shares in physical mode should attach a copy of their PAN Card for every transfer request sent to the Company / RTA.

8. Members may avail of the facility of nomination in terms of Section 109A of the Companies Act, 1956 by nominating in the Form-2B as prescribed in the Companies (Central Government's) General Rules and Forms, 1956, any person to whom their shares in the Company shall vest on occurrence of events stated in the Form. Form-2B is to be submitted in duplicate to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participant.
9. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
10. Members are requested to notify immediately any change of address:
  - i. to their Depository Participants (DP) in respect of shares held in dematerialized form, and
  - ii. to the Company at its Registered Office or to its Registrar & Share Transfer Agent, Karvy Computershare Pvt. Ltd. in respect of their physical shares, if any, quoting their folio number.
11. Members desirous of getting any information on any items of business of this Meeting are requested to address their queries to Shri K. Sivakumar, ED (Finance) and Public Spokesperson of the Company at the registered office of the company at least ten days prior to the date of the meeting, so that the information required can be made readily available at the meeting.
12. As required by clause 49 of the Listing Agreement entered into with the Stock Exchanges, the relevant details of Shri Chandan Roy, Shri R.K. Jain, Shri A.K. Singhal and Shri M.N. Buch Directors retiring by rotation and seeking re-appointment under Item No. 3, 4, 5 and 6 aforesaid in accordance with applicable provisions of the Articles of Association of the Company as well as of those directors who have been appointed since the last Annual General Meeting are also annexed. The tenure of Shri Chandan Roy is upto 31.07.2010, Shri R.K. Jain is upto 31.12.2009, Shri A.K. Singhal is upto 31.07.2010 and Shri M.N. Buch is upto 25.08.2011 as per terms of their appointment by the Government of India.
13. None of the Directors of the Company is any way related with each other.
14. The Board of Directors in its meeting held on January 24, 2009 had declared an interim dividend @ 28% (Rs. 2.80 per share) on the paid-up equity share capital of the company which was paid on February 13, 2009. Members who have not received or not encashed their dividend warrants may approach Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company, for revalidating the warrants or for obtaining duplicate warrants.
15. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid / unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund of the Central Government. After such transfer, there remains no claim of the members whatsoever on the said amount. Therefore, Members are advised to encash their Dividend warrants immediately on receipt.
16. Annual listing fee for the year 2009-10 has been paid to all Stock Exchanges wherein shares of the Company are listed.
17. Pursuant to Section 619(2) of the Companies Act, 1956, the Auditors of a Government Company are to be appointed or re-appointed by the Comptroller and Auditor General of India (C & AG) and in terms of Clause (aa) of sub-section (8) of Section 224 of the Companies Act, 1956 their remuneration has to be fixed by the Company in the Annual General Meeting or in such manner as the Company in general meeting may determine. The Members of the Company



in the 32nd Annual General Meeting held on September 17, 2008 authorised the Board of Directors to fix the remuneration of Statutory Auditors for the year 2008-09. Accordingly, the Board of Directors has fixed audit fee of Rs.67,92,500/- for the Statutory Auditors for the financial year 2008-09 in addition to applicable service tax and reimbursement of actual traveling and out-of-pocket expenses for visits to accounting units. Further, Statutory Auditors of the Company for the year 2009-2010 are yet to be appointed by C&AG of India, the Members may authorise the Board to fix an appropriate remuneration of Auditors as may be deemed fit by the Board.

18. All documents referred to in the accompanying notice are open for inspection at the registered office of the Company on all working days (barring Saturday and Sunday) between 11.00 a.m. to 1.00 p.m. prior to the Annual General Meeting.

## Annex to Notice

### Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 for Item No. 8

Existing Article 61 of the Articles of Association (AOA) of the Company relating to audit of accounts by the auditors provides as under:

*"Once at least in every financial year the accounts of the Company shall be examined and the correctness of the Profit and Loss Account and Balance Sheet ascertained by one or more auditors."*

Section 227 of the Companies Act, 1956 provides that the auditor, inter-alia, shall make a report to the members of the company on the accounts examined by him, and on every balance sheet and profit and loss account and the report shall state whether, in his opinion and to the best of his information and according to the explanations given to him, the said accounts give the information required by this Act in the manner so required and give a true and fair view-

- (i) in the case of the balance sheet, of the state of the company's affairs as at the end of its financial year; and
- (ii) in the case of the profit and loss account, of the profit or loss for its financial year.

Accordingly, it is proposed to amend Article 61 of Articles of Association relating to audit of accounts by the auditors to bring this Article in line with the provisions of Companies Act, 1956.

Section 619 of the Companies Act, 1956, as amended, relating to the appointment of auditors of Government Companies provides as under:

The auditor of a Government company shall be appointed or re-appointed by the Comptroller and Auditor-General of India

However, Article 62 of the Articles of Association of the Company relating to appointment of auditors provides as under:

*"The auditor/auditors of the Company shall be appointed or re-appointed by the Central Govt. on the advice of the Comptroller and Auditor General of India, in accordance with the provisions of Section 619 of the Act."*

Accordingly, it is proposed to amend Article 62 of Articles of Association relating to the appointment of auditors to bring this Article in line with the provisions of Companies Act, 1956.

None of the Directors is interested or concerned in the above resolution except to the extent that he is a Director of the Company.

The Directors commend the special resolution at Item No. 8 for approval of the Members.





**BRIEF RESUME OF THE DIRECTORS SEEKING RE-ELECTION AND ALSO OF DIRECTORS APPOINTED SINCE LAST ANNUAL GENERAL MEETING**  
**Directors seeking re-election at the 33<sup>rd</sup> AGM**

<b>Name</b>	Shri Chandon Roy	Shri R.K. Jain	Shri A.K. Singhal	Shri M.N. Buch
<b>Date of Birth &amp; Age</b>	16.07.1950/59 years	15.12.1949/59 years	10.01.1954/55 years	16.01.1941/68 years
<b>Date of Appointment</b>	01.01.2004	05.05.2005	01.08.2005	26.08.2008
<b>Qualifications</b>	Graduate in Mechanical Engineering	Graduate in Mechanical Engineering	Chartered Accountant	M.A. (History), M.Phil (Public Administration), PG Diploma in Port Management & Administration from UK.
<b>Expertise in specific functional area</b>	He has varied experience of more than 38 years in the areas of project planning, conceptualization, design, engineering and Operation & Maintenance of more than 30,000 MW.	He has vast experience of 36 years of Power Project Planning, Conceptualization, Design/ Engineering Contract & Materials, induction of new environmental friendly technologies, implementation of decentralized distributed generation schemes etc.	He has a rich & varied experience of over 33 years in Corporate Finance Management including timely financial resource mobilization from Domestic & Global sources, optimum utilization of funds, formulation of annual financial budget, undertaking budgetary controls and taking investment decisions.	He is a retired Indian Administration Service Officer and is having wide experience in both Development and Regulatory Administration at the Central, State and District levels.
<b>Directorship held in other companies</b>	<b>Part-time Chairman</b> 1. Bhartiya Rail Bijlee Company Limited <b>Part-time Director</b> 1. NTPC Vidyut Vyapar Nigam Limited 2. Damodar Valley Corporation 3. Nuclear Power Corporation of India Limited 4. West Bengal Power Development Corporation Limited 5. Ratnagiri Gas and Power Private Limited 6. Nabinagar Power Generating Co. Private Limited	<b>Part-time Chairman</b> 1. Aravali Power Company Private Limited <b>Part-time Director</b> 1. NTPC Tamilnadu Energy Company Limited 2. NTPC Electric Supply Company Limited 3. BF- NTPC Energy Systems Limited 4. Kanti Bijlee Utpadan Nigam Limited 5. NTPC Alstom Power Services Private Limited	<b>Part-time Chairman</b> 1. KIENSCO Power and Utilities Private Limited <b>Part-time Director</b> 1. Utility Powertech Limited 2. NTPC Electric Supply Company Limited 3. NTPC Vidyut Vyapar Nigam Limited 4. Kanti Bijlee Utpadan Nigam Limited 5. NTPC Hydro Limited 6. NTPC Tamilnadu Energy Company Limited 7. Bhartiya Rail Bijlee Company Limited 8. NTPC Alstom Power Services Private Limited 9. Ratnagiri Gas and Power Private Limited 10. Nabinagar Power Generating Company Private Limited	<b>Part-time Director</b> 1. Western Coalfields Limited
<b>Memberships/ Chairmanship of Committees across all Public Companies</b>	<b>Audit Committee - Chairman</b> Bhartiya Rail Bijlee Company Limited	-	<b>Shareholders'/ Investors' Grievance Committee</b> - NTPC Limited <b>Audit Committee</b> Ratnagiri Gas and Power Private Limited NTPC Vidyut Vyapar Nigam Limited NTPC Hydro Limited NTPC Tamilnadu Energy Company Limited Bhartiya Rail Bijlee Company Limited	<b>Audit Committee Chairman</b> Western Coalfields Limited


**Directors appointed since last Annual General Meeting held on September 17, 2008**

<b>Name</b>	Shri M.N. Buch
<b>Date of Birth &amp; Age</b>	16.1.1941/ 68 years
<b>Date of Appointment</b>	26.08.2008
<b>Qualifications</b>	M.A. (History), M.Phil (Public Administration), PG Diploma in Port Management & Administration from U.K.
<b>Expertise in specific functional area</b>	He is a retired Indian Administrative Service Officer. He has held various posts in Gujarat Government. He had been Joint Secretary to the Government of India in Department of Banking, Ministry of Finance, Additional Secretary to the Ministry of Labour, GOI, Director-General, Sports Authority of India prior to becoming Member of Public Enterprises Selection Board, GOI. He has also been on the Board of various public sector banks. He has wide experience in both Development and Regulatory Administration at the Central, State and District levels.
<b>Directorship held in other companies</b>	<b>Part-time Director</b> Western Coalfields Limited
<b>Memberships/ Chairmanship of Committees across all Public Companies</b>	<b>Audit Committee - Chairman</b> Western Coalfields Limited

<b>Name</b>	Shri Shanti Narain
<b>Date of Birth &amp; Age</b>	15.02.1941/ 68 years
<b>Date of Appointment</b>	26.08.2008
<b>Qualifications</b>	B. Sc. (Hons. in Physics), M.Sc. (Mathematics) and has pursued Management Development Programme at UK.
<b>Expertise in specific functional area</b>	He has held various posts in Railways prior to becoming Member (Traffic), Railway Board. He has key expertise in strategic management of transport systems with special focus on Railways, involving planning, marketing, customer relations, monitoring and control of operational and commercial activities and development of transport infrastructure.
<b>Directorship held in other companies</b>	<b>Part-time Director</b> Kalindee Rail Nirman (Engineers) Limited Visa Steel Private Limited
<b>Memberships/ Chairmanship of Committees across all Public Companies</b>	<b>Audit Committee- Member</b> NTPC Limited Visa Steel Private Limited Kalindee Rail Nirman (Engineers) Limited <b>Shareholders' Committee- Member</b> Visa Steel Private Limited

<b>Name</b>	Shri P.K. Sengupta
<b>Date of Birth &amp; Age</b>	08.09.1940/ 69 years
<b>Date of Appointment</b>	26.08.2008
<b>Qualifications</b>	B.Com and FICWA
<b>Expertise in specific functional area</b>	He has held the position of Director (Finance) in Eastern Coalfields Limited, Director (Finance) in Coal India Limited prior to becoming Chairman & Managing Director of Coal India Limited in January 1995. He is on the Board of Steel Authority of India Ltd. as non-official part-time Director. He has expertise in the area of Financial Management and General Administration.
<b>Directorship held in other companies</b>	<b>Part-time Director</b> Steel Authority of India Limited
<b>Memberships/ Chairmanship of Committees across all Public Companies</b>	<b>Audit Committee- Member</b> Steel Authority of India Limited NTPC Limited.

<b>Name</b>	Shri K. Dharmarajan
<b>Date of Birth &amp; Age</b>	22.12.1943/ 66 years
<b>Date of Appointment</b>	26.08.2008
<b>Qualifications</b>	M.Sc. (Physics) and MS in Energy Management and Policy from Pennsylvania.
<b>Expertise in specific functional area</b>	He is a retired Indian Administrative Service Officer. He has served as faculty and resource person at IIFT, NIUA, TERI and University of Pennsylvania (USA). He was the Chairman at Expert Committee for Property Tax Reforms, Delhi and is well known in the areas of institutional development, administration, international trade & commerce, energy and poverty.
<b>Directorship held in other companies</b>	<b>Part-time Director</b> NHPC Limited Infrastructure Professionals Enterprise Private Limited
<b>Memberships/ Chairmanship of Committees across all Public Companies</b>	<b>Audit Committee- Chairman</b> NTPC Limited

<b>Name</b>	Dr. M. Govinda Rao
<b>Date of Birth &amp; Age</b>	07.04.1947/ 62 years
<b>Date of Appointment</b>	26.08.2008
<b>Qualifications</b>	Ph. D in Economics.
<b>Expertise in specific functional area</b>	He is Director, National Institute of Public Finance and Policy, New Delhi. He is also a Member, Economic Advisory Council to the Prime Minister. His past positions include Director, Institute for Social and Economic Change, Bangalore and Fellow, Research School of Pacific and Asian Studies, Australian National University, Canberra, Australia. He has played a number of advisory roles in various Expert Committees. He has published 12 books and monographs on various aspects of Public Finance besides technical articles in a number of journals.
<b>Directorship held in other companies</b>	<b>Part-time Director</b> Rural Electrification Corporation Limited
<b>Memberships/ Chairmanship of Committees across all Public Companies</b>	<b>Audit Committee - Chairman</b> Rural Electrification Corporation Limited

<b>Name</b>	Shri I. J. Kapoor
<b>Date of Birth &amp; Age</b>	05.10.1956/ 53 years
<b>Date of Appointment</b>	26.12.2008
<b>Qualifications</b>	B.Sc. (Engg.), Master in Business Administration (Marketing), has fellowship of Indian Institution of Engineers and is a senior member of Institute of Electrical and Electronics, USA
<b>Expertise in specific functional area</b>	Shri Kapoor has rich and varied experience of over 30 years in Indian Power Industry. He has worked in various capacities in the area of Commercial, Consultancy, Contracts & Materials, engineering, Station Performance and Project Coordination functions in NTPC. He was instrumental in implementation of various initiatives in Commercial functions under the Project Disha, an organizational transformation initiative. He is responsible for formulation and implementation of commercial and regulatory policies and strategies of the Company.
<b>Directorship held in other companies</b>	<b>Part-time Director</b> PTC (India) Limited Meja Urja Nigam Private Limited
<b>Memberships/ Chairmanship of Committees across all Public Companies</b>	-

<b>Name</b>	Shri Karwal Nath
<b>Date of Birth &amp; Age</b>	17.02.1947/ 62 years
<b>Date of Appointment</b>	30.01.2009
<b>Qualifications</b>	M.Sc. (Physics), PG Diploma in Development Finance from UK.
<b>Expertise in specific functional area</b>	He has over 37 years of experience in Indian Audit and Accounts Service. He retired as Deputy Comptroller & Auditor General of India in February 2007. He has also held position of Joint Secretary & Financial Adviser in Ministry of Water Resources and additional charge of JS&FA in Ministry of Power. He has wide experience in the Audit of Organisations in Power, telecommunication and Railway sector.
<b>Directorship held in other companies</b>	-
<b>Memberships/ Chairmanship of Committees across all Public Companies</b>	<b>Audit Committee - Member</b> NTPC Limited

<b>Name</b>	Shri Adesh. C. Jain
<b>Date of Birth &amp; Age</b>	01.08.1945/ 64 years
<b>Date of Appointment</b>	30.01.2009
<b>Qualifications</b>	B.Sc. (Mathematics), Electrical Engineer, MS in Control Systems from Ottawa, Canada
<b>Expertise in specific functional area</b>	He has over 40 years of experience in project oriented work beginning with two state-of-the-art projects in early 1970s in USA. In 1973, he returned to India to help the country embark upon major computerization program. He has also served as the Head of IT and Project Management Services in BHEL. In 1992, he started the Centre for Excellence in Project Management. He has been conferred with 6 major awards in India, including the 'Gem of India' award.
<b>Directorship held in other companies</b>	<b>Managing Director</b> COMTECH International Software Manufacture (P) Limited
<b>Memberships/ Chairmanship of Committees across all Public Companies</b>	-



Name	Shri A.K. Sanwalka
Date of Birth & Age	21.05.1947/ 62 years
Date of Appointment	30.01.2009
Qualifications	M.Sc. (Engg.), I. Mech. (E), UK and AMIE (India) - Mech. & Prod.
Expertise in specific functional area	He has held various positions in Indian Railways and retired from the position of General Manager, Northeast Frontier Railways after 38 years of service. He has wide expertise in the areas of General Management & Administration, Transport planning, Project Management & Coordination. He has also handled several projects for establishing large production, maintenance and repair facilities of Indian Railways. He has also held the position of Executive Director (Motive Power), RDSO for several years.
Directorship held in other companies	<b>Part-time Director</b> RITES Limited
Memberships/ Chairmanship of Committees across all Public Companies	<b>Shareholders'/ Investors' Grievance Committee- Member</b> NTPC Limited

Name	Shri Santosh Nautiyal
Date of Birth & Age	18.07.1946/ 63 years
Date of Appointment	30.01.2009
Qualifications	PG in Political Science and Public Administration
Expertise in specific functional area	He is a retired Indian Administrative Service Officer and has superannuated in July 2006 as Chairman (in the rank of Secretary to the Government of India) of National Highway Authority of India. He has held various positions like Additional Secretary, GOI in Department of Consumer Affairs, Principal Secretary of Govt. of Orissa, Joint Secretary in Ministry of Steel and Managing Director in Industrial Promotion and Investment Corporation of Orissa Ltd. He also served as Chairman of Food Corporation of India and after retirement was appointed as Chairman of the National Shipping Board constituted by the Central Govt.
Directorship held in other companies	<b>Part-time Director</b> ONGC Limited
Memberships/ Chairmanship of Committees across all Public Companies	<b>ONGC Limited -Member</b> Audit & Ethics Committee Remuneration Committee Redressal of Grievance Committee

Name	Shri I.C.P. Keshari
Date of Birth & Age	11.03.1962/ 47 years
Date of Appointment	04.05.2009
Qualifications	Post Graduate in History
Expertise in specific functional area	He is an Indian Administrative Service Officer. Prior to his current assignment of Joint Secretary, Ministry of Power, Shri Keshari was in the Ministry of Commerce & Industry and has also held various administrative posts in the State of Madhya Pradesh and Chattisgarh including that of Collector of three districts almost for three years.
Directorship held in other companies	—
Memberships/ Chairmanship of Committees across all Public Companies	—

Name	Shri Rakesh Jain
Date of Birth & Age	18.08.1957/ 52 years
Date of Appointment	09.06.2009
Qualifications	Post Graduate in Physics
Expertise in specific functional area	In the year 1981, he joined Indian Audit & Accounts Service. He has held various important positions such as Director-General (Accounts, Entitlement Complaints Information System), Principal Director (Report States) - Office of Comptroller & Auditor General of India, Accountant General (AG) (Audit), Rajasthan, AG (AE-II) Madhya Pradesh, Principal Director (Commercial Audit), Ranchi and Principal Director of Audit, Embassy of India, Washington, USA. He is currently the Joint Secretary & Financial Adviser (JS&FA) in the Ministry of Power and also holds additional charge of the post of JS&FA in the Ministry of Labour & Employment.
Directorship held in other companies	<b>Part-time Director</b> Power Finance Corporation Limited Power Grid Corporation of India Limited
Memberships/ Chairmanship of Committees across all Public Companies	<b>NTPC Limited</b> Shareholders'/ Investors' Grievance Committee- Chairman Audit Committee - Member <b>Power Finance Corporation Limited</b> Audit Committee- Chairman <b>Power Grid Corporation of India Limited</b> Audit Committee- Member



<b>Name</b>	Shri B.P. Singh
<b>Date of Birth &amp; Age</b>	25.09.1953/ 55 years
<b>Date of Appointment</b>	01.08.2009
<b>Qualifications</b>	Graduate in Mining Engineering
<b>Expertise in specific functional area</b>	He has rich and varied experience both in coal as well as power sector. He has worked in various capacities in the areas of Fuel Management, Coal Mining & Coal Washery. He played the pivotal role in formulation of NTPC's overall strategy for fuel security for acquisition of fuel assets and its subsequent development thereof i.e., one Oil & Gas Exploration block under NELP V in Arunachal Pradesh, six coal mining blocks across various coalfields in the country besides two more blocks for joint operation through a 50:50 JV with CIL.
<b>Directorship held in other companies</b>	<b>Part-time Chairman</b> NTPC-SCCL Global Ventures Private Limited
<b>Memberships/ Chairmanship of Committees across all Public Companies</b>	-

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## ACHIEVEMENTS &amp; ACCOLADES



Her Excellency President of India Smt. Pratibha Devi Singh Patil presenting Gold Shield for best performance by NTPC-Talcher Kaniha to Shri R.S. Sharma, CMD NTPC in the august presence of Shri Sushilkumar Shinde, Union Minister of Power and Shri Jairam Ramesh, Union Minister of State for Commerce and Power.



NTPC Limited bagged the SCOPE Gold Trophy for Corporate Social Responsibility & Responsiveness.

Institute of Chartered Accountants has awarded Silver Shield Award for excellence in Financial Reporting to NTPC in the category of Infrastructure & Construction Sector.



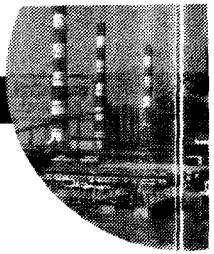
NTPC Bags 4 awards at the Great Places to Work Awards-2009. Shri R.C. Shrivastav, Director (HR), NTPC receives the awards at the awards ceremony held in Mumbai.



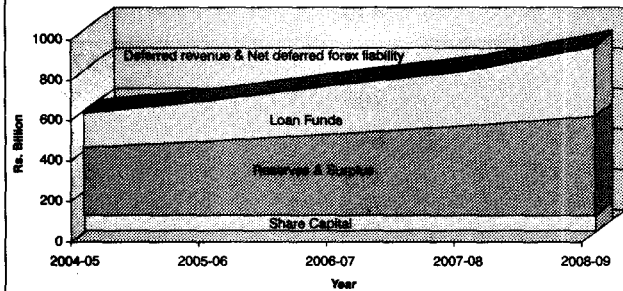
## WINNING ACCOLADES

- **International Project Management Award (IPMA)-2008 silver medal** for Project Excellence for Vindhyachal-Stage-III (2x500 MW).
- **Ranked No. 1 Independent power producer & Energy Trader** in Asia & 15th in overall performance in the Asia region in the Platts Top 250 Global Energy Company List.
- **Corporate Award 2008 for Sectoral Excellence** by Dun & Bradstreet.
- **"CII- EXIM Excellence Award 2008"** to three NTPC stations namely Ramagundam, Vindhyachal and Badarpur. 'Significant Achievement' to Ramagundam and 'Strong Commitment to Excel' award to Vindhyachal and Badarpur.

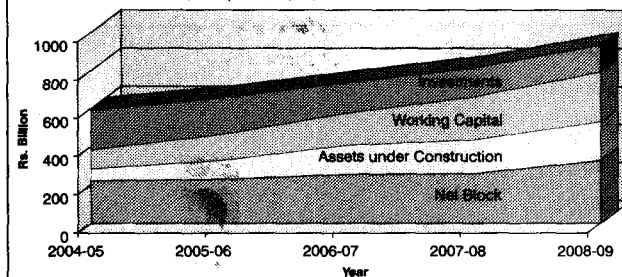
"Most Valuable PSU" Award to NTPC by premier Investment Journal Dalal Street.



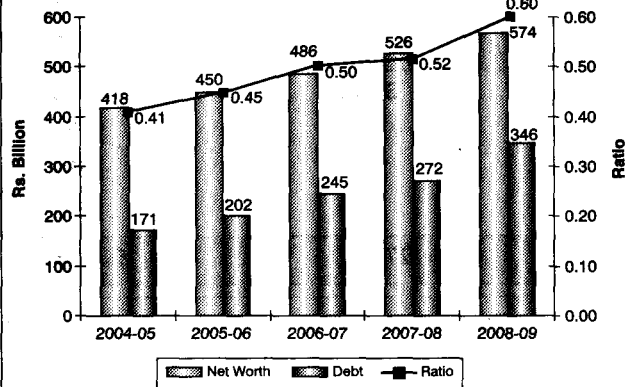
Source of Funds



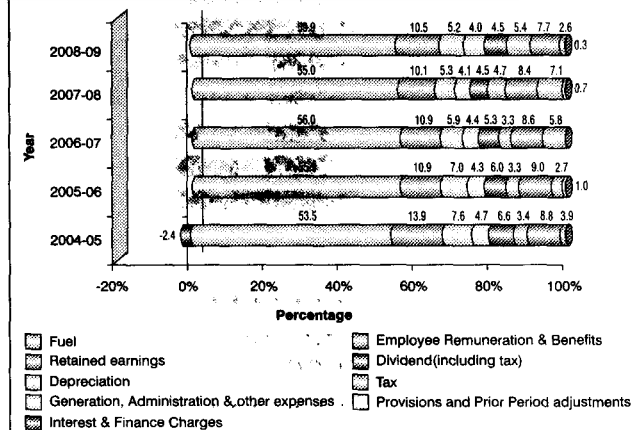
Application of Funds



Net Worth to Debt



Distribution of Revenue



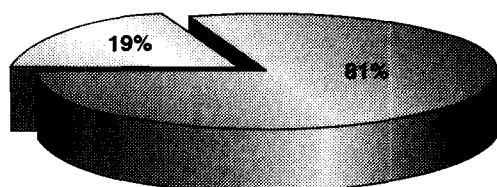


## STATION-WISE GENERATION 2008-09

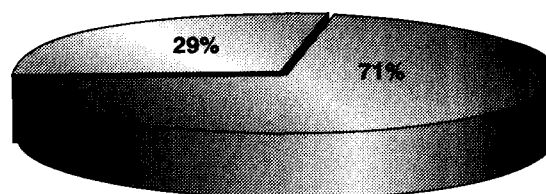
STATIONS	Fuel Type	Capacity (MW)	Gen. (MU) Gross
<b>Northern Region</b>		<b>5490</b>	<b>44995</b>
Singrauli	Coal	2000	15893
Rihand	Coal	2000	17035
Unchahar	Coal	1050	8621
Tanda	Coal	440	3446
<b>National Capital Region</b>		<b>3857</b>	<b>26742</b>
Badarpur	Coal	705	5504
Dadri	Coal	840	7311
Anta	Gas	413	2516
Auraiya	Gas	652	3743
Dadri	Gas	817	5288
Faridabad	Gas	430	2380
<b>Western Region</b>		<b>7653</b>	<b>56652</b>
Korba	Coal	2100	17700
Vindhyachal	Coal	3260	26601
Sipat	Coal	1000	4718
Kawas	Gas	645	3484
Jhanor Gandhar	Gas	648	4150
<b>Eastern Region</b>		<b>6900</b>	<b>46482</b>
Farakka	Coal	1600	10759
Kahalgaoon	Coal	1840	9431
Talcher - Kaniha	Coal	3000	22557
Talcher - Thermal	Coal	460	3735
<b>Southern Region</b>		<b>3950</b>	<b>32068</b>
Ramagundam	Coal	2600	21513
Simhadri	Coal	1000	8533
Rajiv Gandhi CCP	Liquid Fuel	350	2022
<b>Total</b>		<b>27850</b>	<b>206939</b>

Share of Generating Capacity  
(as on 31<sup>st</sup> March 2009)

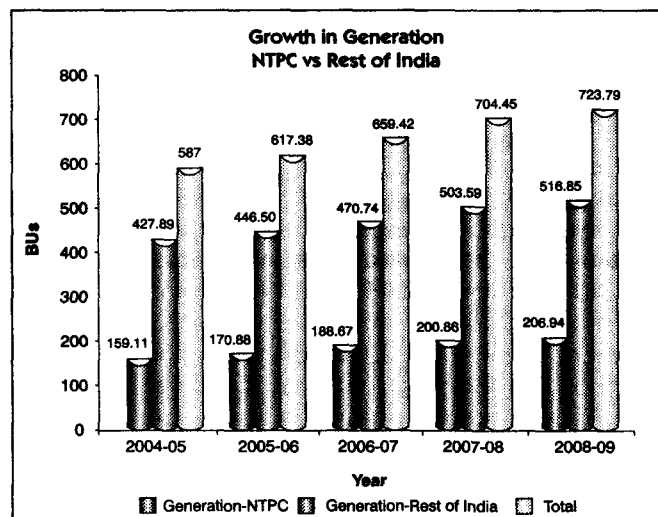
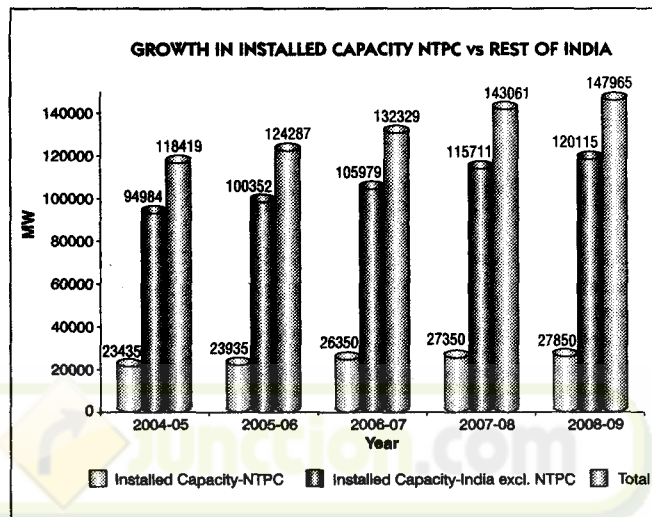
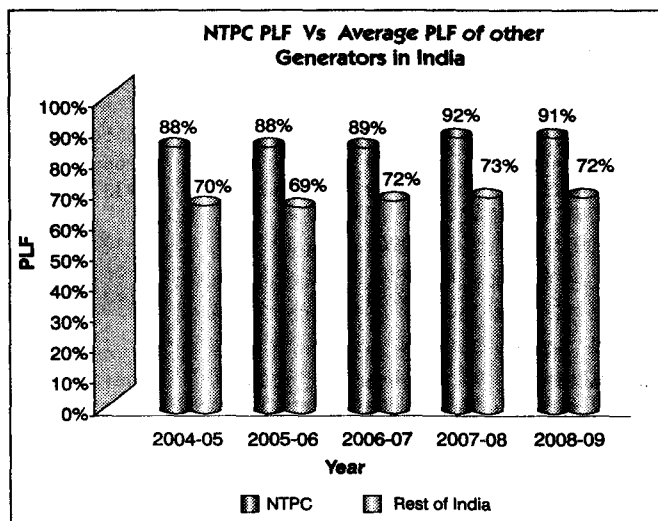
□ NTPC 27850 MW    ■ Rest of India 120115 MW

Share of Electricity Generated  
(as on 31<sup>st</sup> March 2009)

□ NTPC 206.939 BU    ■ Rest of India 516.855 BU









## SELECTED FINANCIAL INFORMATION

Rs. in Million

	2008-09	2007-08	2006-07	2005-06	2004-05
<b>A) Operating Income</b>					
Earned from					
Sale of Energy	417913	369462	325344	266564	232415
Consultancy & Other Income	34645	30651	28422	26806	24110
<b>Total</b>	<b>452558</b>	<b>400113</b>	<b>353766</b>	<b>293370</b>	<b>256525</b>
<b>Paid &amp; Provided for</b>					
Fuel	271107	220202	198181	163947	137235
Employees Remuneration & Benefits	24631	18960	11632	9684	8823
Generation, Administration & other expenses	18192	16284	15567	12721	12062
Provision (Net)	76	7	73	334	(6160)
Prior Period/Extra Ordinary Items	1083	2745	(109)	2488	(102)
<b>Profit before Depreciation, Interest &amp; Finance Charges and Tax</b>	<b>137469</b>	<b>141915</b>	<b>128422</b>	<b>104196</b>	<b>104667</b>
Depreciation	23645	21385	20754	20477	19584
<b>Profit before Interest &amp; Finance Charges and Tax</b>	<b>113824</b>	<b>120530</b>	<b>107668</b>	<b>83719</b>	<b>85083</b>
Interest & Finance Cost	20229	17981	18594	17632	16955
<b>Profit before tax</b>	<b>93595</b>	<b>102549</b>	<b>89074</b>	<b>66087</b>	<b>68128</b>
Tax (Net)	11582	28401	20427	7885	10058
<b>Profit after tax</b>	<b>82013</b>	<b>74148</b>	<b>68647</b>	<b>58202</b>	<b>58070</b>
Dividend	29683	28859	26385	23087	19790
Dividend tax	5017	4905	3896	3238	2680
<b>Retained Profit</b>	<b>47313</b>	<b>40384</b>	<b>38366</b>	<b>31877</b>	<b>35600</b>
<b>B) What is Owned</b>					
Gross Fixed Assets	623530	533680	507273	460396	431062
Less : Depreciation	294153	272743	250792	229501	207914
Net block	329377	260937	256481	230895	223148
Capital Work-in-progress, Construction Stores & Advances	264049	224783	168392	136340	99285
Investments	139835	152672	160943	192891	207977
Current Assets, Loans & Advances	309253	255488	221827	157245	129073
<b>Total Net Assets</b>	<b>1042514</b>	<b>893880</b>	<b>807643</b>	<b>717371</b>	<b>659483</b>
<b>C) What is Owed</b>					
Long Term Loans	345664	271776	244516	201195	166719
Working Capital Loans	14	130	328	778	4159
Current Liabilities & Provisions	106886	79299	70263	61402	67467
<b>Total Liabilities</b>	<b>452564</b>	<b>351205</b>	<b>315107</b>	<b>263375</b>	<b>238345</b>
<b>D) Others</b>					
Deferred Revenue - Advance against depreciation	19360	13734	6567	4408	3374
Deferred Foreign Currency Fluctuation Liability	545	2554	-	-	-
Deferred Income from Foreign Currency Fluctuation Liability	6077	-	-	-	-
Deferred Tax Liability (Net)	1	1	1	1	1
Deferred Foreign Currency Fluctuation Asset	9734	-	-	-	-
<b>Total</b>	<b>16249</b>	<b>16289</b>	<b>6568</b>	<b>4409</b>	<b>3375</b>
<b>E) Net Worth</b>					
Share Capital	82455	82455	82455	82455	82455
Reserves & Surplus	491246	443931	403513	367132	335308
<b>Net Worth</b>	<b>573701</b>	<b>526386</b>	<b>485968</b>	<b>449587</b>	<b>417763</b>
<b>F) Capital Employed</b>	<b>641834</b>	<b>588868</b>	<b>564331</b>	<b>523572</b>	<b>500540</b>
<b>G) Value Added</b>	<b>140548</b>	<b>127538</b>	<b>111012</b>	<b>97206</b>	<b>88167</b>
<b>H) No. of Shares</b>	<b>8245464400</b>	<b>8245464400</b>	<b>8245464400</b>	<b>8245464400</b>	<b>8245464400</b>
<b>I) No. of Employees *</b>	<b>23639</b>	<b>23674</b>	<b>23602</b>	<b>21870</b>	<b>21420</b>
<b>J) Ratios</b>					
Return on Capital Employed (%)	14.29	14.07	13.89	12.46	12.77
Return on Net Worth (%)	16.70	16.10	15.57	14.16	14.33
Book Value per Share (Rs.)	69.58	63.84	58.94	54.53	50.67
Current Ratio	2.89	3.22	3.16	2.56	1.91
Debt to Equity	0.60	0.52	0.50	0.45	0.41
Value Added/Employee (Rs. Million)	5.95	5.39	4.70	4.44	4.12

\* Excluding JVs and Subsidiaries

## DIRECTORS' PROFILE



**Shri R.S. Sharma** (59 years), Chairman and Managing Director, NTPC Limited since May 01, 2008 has been making rich contribution, as a technocrat and as a business leader, to the Indian power industry for over thirty eight years. A graduate in Mechanical Engineering, Shri Sharma began his illustrious career in 1971 as Engineer in Madhya Pradesh Electricity Board where he laid the foundations of his exceptional expertise in the area of Operation & Maintenance of power stations. From the strategic to the operational, he has handled and guided an immensely varied range of functions, covering very wide spectrum of power business.

Shri R.S. Sharma joined NTPC in 1980 and worked in equipment erection and all the plant maintenance areas at NTPC's Korba and Vindhyachal Power Stations and headed the Operations & Maintenance functions at Vindhyachal Station prior to becoming head of NTPC-Rihand and, subsequently, General Manager of a large greenfield project, NTPC-Sipat. Thereafter, he headed the Southern Region of the Company. Later, he steered the progress of the Company in the key areas of Strategic Planning and Commercial functions as Executive Director (Corporate Planning) and Executive Director (Commercial).

After becoming Director (Commercial) in October, 2004, Shri Sharma took numerous initiatives to ensure robust commercial success of NTPC and its power trading subsidiary, NTPC Vidyut Vyapar Nigam Limited (NVVN). He also led the New Business Development Group of the Company which culminated into setting up of a power exchange and NTPC's diversification into equipment manufacturing. He also initiated the process for acquisition of coal mines abroad and charting the roadmap for nuclear power development.

As Chairman & Managing Director, he has ushered in several strategic and business process changes of major significance in several areas, viz., fuel security; IT enabled facilitation and monitoring of projects and operations; technology development and climate change; fast tracking of project conception and development; global business footprints; short-term and long-term business intelligence and perspectives; employee engagement and innovation, and stakeholder involvement.

Shri Sharma drives NTPC's CSR initiatives with deep sensitivity and strong conviction. He demonstrates highest commitment to Corporate Governance and value based leadership.

Shri Sharma has been honoured with several prestigious awards and recognitions including Honorary Fellowship Award from International Project Management Association; Fellowship of World Academy of Productivity Science; and Leadership Award for Sectoral Excellence from Amity School of Business.

**Shri Chandan Roy** (59 yrs), Director (Operations) is a graduate in Mechanical Engineering. A power engineer of repute with rich and varied experience of more than 38 years in the areas of project planning, conceptualisation, design, engineering and Operation & Maintenance of more than 30000 MW, Shri Roy has held various responsible positions in India and abroad. Prior to joining the Board of NTPC Limited in January 2004, he has held various important positions including Executive Director of a Regional Head-Quarter, Executive Director (Engineering) etc. He has also been the Chairman of Ratnagiri Gas and Power Private Limited (Part time), a joint venture company of NTPC Ltd and Gas Authority of India Limited (GAIL) for two (2) years and the chief architect of revival of the abandoned project. Prior to joining NTPC in 1977, he worked in Babcock & Wilcox, London. In recognition of his expertise in the area of power plant design, commissioning and generation he has been awarded "Eminent Engineer Award" by Institution of Engineers (India) in the year 2006.



**Shri R.K. Jain** (59 yrs), Director (Technical) since May 5, 2005, has vast experience of 36 years of Power Project Planning, Conceptualisation, Design/Engineering and Contract & Materials. He also served as Executive Director (National Capital Region), Executive Director (Corporate Contract & Materials) and General Manager (Consultancy & Joint Ventures). Prior to joining NTPC in 1977, he worked with Central Electricity Authority (CEA). As Director (Technical), he is responsible for Engineering Division, induction of new environment friendly technologies like Supercritical and Integrated Gasification Combined Cycle (IGCC), Renewable Energy Resources, implementation of Decentralised Distributed Generation Schemes, new business development including coal mines acquisition & Nuclear power and implementation of world class IT initiatives in NTPC including Enterprise Resource Planning (ERP). He is also responsible for NTPC's globalization

initiatives in the areas of setting up power plants abroad, O&M and consultancy Contracts for international clients.



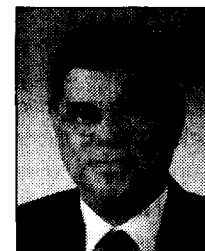


**Shri A.K. Singhal** (55 years), Director (Finance), a Chartered Accountant with rich & varied experience of over 33 years in Corporate Finance Management, plays a pivotal role in providing valuable inputs to the Board for taking various strategic decisions to enable the company in achieving its Vision. He is responsible for the entire gamut of Financial Management of the organization including financial resource mobilization from Domestic & Global sources, optimum utilization of funds, undertaking budgetary controls and taking investment decisions.

As CFO, he provides adequate support to undertake backward & forward integration of business. He is responsible for assessing and guaranteeing the financial viability of the decisions involving mergers and acquisitions. He is also responsible for designing adequate internal control systems and for ensuring that the company adheres to sound corporate governance practices as set out in the Corporate Governance philosophy of the company. He played the role of forefront runner in driving successful implementation of ERP in the company. He acts as one of the vital links between the investing community and the management of the company.

Under his able guidance and leadership, NTPC has won Silver Shield for excellence in financial reporting under "Infrastructure & Construction sector" category awarded by the Institute of Chartered Accountants of India (ICAI). Further, he has been adjudged as the Best CFO in the "Public Sector" category by ICAI in the year 2008-09.

**Shri R.C. Shrivastav** (59 yrs.), Director (Human Resources) is a Graduate in Electrical Engineering. He has a rich and diverse experience in the power sector. He started his career in power plant operation in captive power plant of Steel Authority of India Limited. He joined NTPC in 1981 and worked in various capacities in the areas of construction, commissioning and operation & maintenance of power stations as well as corporate operation services. He headed a number of power stations of NTPC and was elevated to the post of Executive Director (Southern Region) in 2002. He later handled the responsibility as Chief Executive Officer of NTPC Electric Supply Company Limited, a wholly owned subsidiary Company of NTPC engaged in electricity distribution before appointment as Director (HR) of NTPC in May 2006. As Director (HR) Shri Shrivastav is overall in-charge of Human Resource function for the entire organization. He is also responsible for Power Management Institute of NTPC and other corporate functions such as Industrial Safety, Resettlement & Rehabilitation, Corporate Communication and Corporate Social Responsibility.

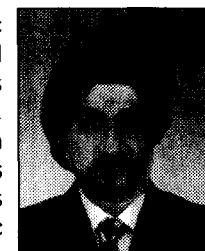


**Shri I.J. Kapoor** (53 years) Director (Commercial) is a Graduate in Mechanical Engineering and Master in Business Administration (Marketing). He has secured the fellowship of Indian Institution of Engineers and is a senior member of Institute of Electrical and Electronics, USA.

Shri Kapoor joined NTPC Limited as an Executive Trainee (ET) in 1978 and is the first ET to be on the Board of the company. He has rich and varied experience of over 30 years in Indian Power Industry. He has worked in various capacities in the area of Commercial, Consultancy, Contracts & Materials, Engineering, Station Performance and Project Coordination functions in NTPC. He was instrumental in implementation of various initiatives in Commercial functions under the Project Disha, an Organisational transformation initiative.

He joined the Board of the Company as Director (Commercial) in December 2008. Prior to his elevation as Director (Commercial), he was Regional Executive Director (National Capital), responsible for management of the generating capacity in the NTPC Coal & Gas stations of National Capital Region alongwith project implementation activities. As Director (Commercial), Shri Kapoor is responsible for formulation & implementation of Commercial and Regulatory policies & strategies of the company so as to generate adequate internal resources for the company to meet the future challenge of capacity addition.

**Shri B.P. Singh** (55 yrs), Director (Projects), is a Graduate in Mining Engineering. He has rich and varied experience both in coal as well as power sector. He started his career in 1974 in coal mining sector firstly with Indian Iron & Steel Company and subsequently joined Bharat Coking Coal Ltd. He joined NTPC Ltd. in 1981 and worked in various capacities, at Corporate Centre and Power Projects, in the areas of Fuel Management, Coal Mining & Coal Washery. He was elevated as Executive Director (Coal Mining & Coal Washeries) in 2004. He played the pivotal role in formulation of NTPC's overall strategy for fuel security. He has been instrumental in acquisition and development of fuel assets i.e. one Oil & Gas Exploration block under NELP V in Arunachal Pradesh, six coal mining blocks across various coalfields in the country besides two more blocks for joint operation through a 50:50 JV with CIL. He is also the Chairman of NTPC-SCCL Global Ventures Private Ltd. He joined the Board of the Company as Director (Projects) in August 1, 2009. Besides representing NTPC in various committees set up by Govt. of India on Integrated Coal Policy, fuels for Power Generation, Pricing of Coal, Techno-economics of using washed coal, etc. has also been part of various Govt. teams & missions like U.K. Trade Mission, Indo-Australia Joint Working Group on Energy & Minerals, etc. He is also a 'Senate Member' of Dr. B.R. Ambedkar National Institute of Technology, Jalandhar, Expert Member on Research Council of "Central Institute of Mining & Fuel Research (CIMFR)" and represents NTPC as 'Member' in MGMI. Presently, Shri B.P. Singh is holding 2765 shares of NTPC.

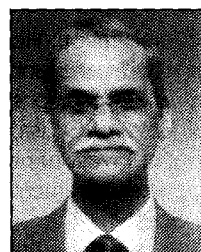






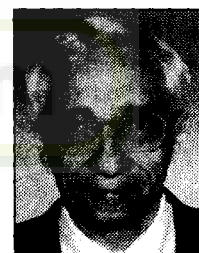
**Shri M.N. Buch** (68 years) is M.A. (History) from Delhi University, M. Phil (Public Administration) from Indian Institute of Public Administration, Punjab University, PG Diploma holder in Port Management and Administration from University College, London and an Indian Administrative Service Officer of Gujarat Cadre, 1964 batch. He has held various posts in Gujarat Government. He had held the position of Joint Secretary to the Government of India in Department of Banking, Ministry of Finance; Additional Secretary to the Ministry of Labour, GOI, Director- General, Sports Authority of India prior to becoming Member of Public Enterprises Selection Board, GOI. He has been also on the Board of various public sector banks. He has wide experience in both Development and Regulatory Administration at the Central, State and District levels.

**Shri Shanti Narain** (68 years) is B.Sc (Hons. in Physics) and M.Sc. (Mathematics) from Delhi University and has pursued Management Development Programme at British Transport Staff College, UK. He has held various posts in Railways prior to becoming Member (Traffic), Railway Board. He has key expertise in strategic management of transport systems with special focus on Railways, involving planning, marketing, customer relations, monitoring and control of operational and commercial activities and development of transport infrastructure.



**Shri P.K. Sengupta** (69 years) is B. Com and FICWA. He has held the position of Director (Finance) in Eastern Coalfields Limited, Director (Finance) in Coal India Limited. He has superannuated as the Chairman & Managing Director of Coal India Limited. He is on the Board of Steel Authority of India Ltd. as non-official part-time Director. He has expertise in the area of Financial Management and General Administration.

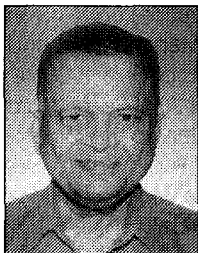
**Shri K. Dharmarajan** (66 years), is M.Sc. (Physics) and MS in Energy Management and Policy from University of Pennsylvania. He is retired IAS officer and has held various positions at the State and Centre like DG IIFT, Joint Secretary Urban Development, GOI, Director and Office-in-charge of Energy Policy Division - Ministry of Energy, Finance Controller, TNEB, Secretary Commercial Taxes and Urban Development, Govt. of Tamil Nadu. He has 40 years of wide-ranging experience in the areas of Finance, Trade and Commerce, Energy, Urban Governance and Poverty. He was the Chairman at Expert Committee for Property Tax Reforms, Delhi and is well known in the areas of institutional development, administration, international trade & commerce, energy and poverty. He is presently Sr Advisor (Policy) to US AID in the areas of urban governance, infrastructure, finance and poverty. He has been involved as a Volunteer with the work of the non-profit organisation, KATHA, working for last twenty years in the areas, inter-alia, of urban poverty alleviation through education, community development and economic resurgence.



**Dr. M. Govinda Rao** (62 years), Ph.D. in Economics, is Director, National Institute of Public Finance and Policy, New Delhi. He is also a Member, Economic Advisory Council to the Prime Minister. His past positions include Director, Institute for Social and Economic Change, Bangalore and Fellow, Research School of Pacific and Asian Studies, Australian National University, Canberra, Australia. He has played a number of advisory roles in various Expert Committees. He is also a Member of Steering Committee for the South Asia Network of Economic Research (SANEI). He has been a Consultant to World Bank, IMF, ADB and the UNDP. He has published 12 books and monographs on various aspects of Public Finance besides technical articles in a number of journals.

**Shri Kanwal Nath** (62 years) is M.Sc. (Physics) and PG Diploma in Development Finance from the University of Birmingham, UK. He has over 37 years of experience in Indian Audit and Accounts Service. He retired as Deputy Comptroller & Auditor General of India in February 2007. He has also held position of Joint Secretary & Financial Adviser (JS&FA) in Ministry of Water Resources and additional charge of JS&FA in Ministry of Power. He has wide experience in the Audit of Organisations in Power, telecommunication and Railway sector.





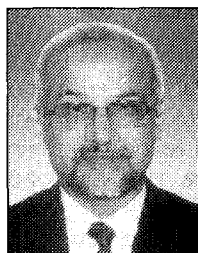
**Shri Adesh C. Jain** (64 years) is a Bachelor of Science in Mathematics and an Electrical Engineer from the Institute of Science, Bangalore. He has done his MS in Control Systems at Carleton University, Ottawa. He has over 40 years of experience in project oriented work beginning with two state-of-the-art projects in early 1970s in USA. In 1973, he returned to India to help the country embark upon major computerization program. He has also served as the Head of IT and Project Management Services in BHEL. In 1992, he started the Centre for Excellence in Project Management. He has been conferred with 6 major awards in India, including the 'Gem of India' award. He is author of the book "New Dimensions in Project Management".

**Shri A.K. Sanwalka** (62 years) is M.Sc. (Engg.) from UK, I. Mech. (E) UK and AMIE (India) - Mech. & Prod. He has held various positions in Indian Railways and retired from the position of General Manager, Northeast Frontier Railways after 38 years of service. He has wide expertise in the areas of General Management & Administration, Transport planning, Project Management & Coordination. He has also handled several projects for establishing large production, maintenance and repair facilities of Indian railways. He has also held the position of Executive Director (Motive Power), RDSO for several years.



**Shri Santosh Nautiyal** (63 years) is a Post Graduate in Political Science and Public Administration. He belonged to Indian Administrative Services (Orissa 1968) and retired in July 2006 as Chairman (in the rank of Secretary to the Government of India), National Highway Authority of India. He has held various positions like Additional Secretary, GOI in Department of Consumer Affairs, Principal Secretary of Govt. of Orissa, Joint Secretary in Ministry of Steel and Managing Director in Industrial Promotion and Investment Corporation of Orissa Ltd. He has also served as Chairman of Food Corporation of India and after retirement was appointed as Chairman of the National Shipping Board constituted by the Central Govt.

**Shri I.C.P. Keshari** (47 years) is a post graduate in History from Delhi University and an Indian Administrative Service Officer of Madhya Pradesh cadre. Prior to his current assignment of Joint Secretary, Ministry of Power, Shri Keshari was in the Ministry of Commerce & Industry and has also held various administrative posts in the State of Madhya Pradesh and Chattisgarh including that of Collector of three districts almost for three years.



**Shri Rakesh Jain** (52 years) is a Post Graduate in Physics, University of Delhi. In the year 1981, he joined Indian Audit & Accounts Service. He has held various important positions such as Director-General (Accounts, Entitlement Complaints Information System), Principal Director (Report States), Office of Comptroller & Auditor General of India, Accountant General (AG) (Audit), Rajasthan, AG (AE-II) Madhya Pradesh, Principal Director (Commercial Audit), Ranchi and Principal Director of Audit, Embassy of India, Washington, USA. He has wide experience of over 25 years in Auditing, Accounting and Finance. He is currently the Joint Secretary & Financial Adviser (JS&FA) in the Ministry of Power and also holds additional charge of the post of JS&FA in the Ministry of Labour & Employment.



#### **Chief Vigilance Officer**

**Shri G.S. Sarna** (54 years), is an Indian Revenue Service Officer. Prior to the present deputation as the Chief Vigilance Officer, NTPC Limited, he was Commissioner of Central Excise. In the Customs he has held similar senior appointments at the International Airport and the Air Cargo at Delhi besides having been also on deputation in the Commerce Ministry.

## SENIOR MANAGEMENT TEAM

**S.No. Executive Directors**

1	Agarwal, S.B.
2	Jha, J.
3	Rustagi, R.K.
4	Misra, Narendra Nath
5	Dave, Ambarish Nath
6	Kumar, Swatantra
7	Kumar, Dinesh
8	Pandey, I.B.
9	Vishwa Roop
10	Banerjee, S.N.
11	Jain, D.K.
12	Agarwal, K.K.
13	Sharma, N.K.
14	Sharma, K.K.
15	Jha, A.K.
16	Pandey, S.C.
17	Deshpande, G.J.
18	Dutt, Rajeshwar
19	Chatterjee Tarun K Kumar
20	Pani Umesh Prasad
21	Gupta Virendra Kumar
22	Kristam Siva Kumar
23	Anand Sharad
24	Chaturvedi A. Chandra
25	Prasad Lallan
26	Choudhary V.N.

**General Managers**

1	Chowdhury, B.
2	Soin, M.S.
3	Agrawal, G.D.
4	Pathak, Swayam Prakash
5	Kurien, Ashoka
6	Chaudhuri, A.
7	Saxena, A.K.
8	Sohal, T.R.
9	Dutta, S.K.
10	Mehta, J.K.
11	Chawla, M.S.
12	Kumar, A.
13	Kar, J.
14	Agrawal, D.K.
15	Sikri, R.K.
16	Mehrotra, R.N.
17	Chatterjee, A.
18	Gahlowt, Rajendra Kumar Singh
19	Kumar, Adesh
20	Singh, Radhey Shyam
21	R. Venkateswaran
22	Rao, M.K.V.R.
23	Agrawal, D.
24	Goel, S.N.
25	Ganguly, S.N.
26	Chaudhuri, A.
27	Narayanan, Kannan
28	Sharma, A.K.
29	Roy, Saptarshi
30	Mohindru, A.K.
31	Nivasarkar, S.P.
32	Mandal, S.N.
33	Sharma, K.K.
34	Khanna, S.K.

**S.No.**

35	Shyam Lal Arya
36	Soni, B.K.
37	Singh, K.I.
38	Rao, Y.V.
39	Gulati, K.
40	Rao, M.H.
41	Agrawal, A.K.
42	Chandra Mohan, V.K.
43	Joseph, Thomas
44	Rao, Y.J.
45	Sarkar, M.
46	Vijayakumar, G.
47	Sadhu, G.K.
48	Sinhamahapatra, M.
49	Krishnamurthy, S.
50	Srivastava, R.K.
51	Muley, S.
52	Goyal, A.
53	Jayadeb Nanda, J.
54	Singh, S.P.
55	Goel, S.N.P.
56	Srivastava, B.K.
57	Jain, R.K.
58	Basu, A.K.
59	Gupta, R.K.
60	Saha, D.
61	Dharmadhikari, Mohan Shrin
62	Jaishanker, S
63	Rao, A. Upendra
64	Dahake, P.R.
65	Fadnavis, V. B.
66	Sandhir, H.K.
67	Gupta, S.C.
68	Singh, K.K.
69	Dave, Sangeet Kumar
70	Singh, B.M.
71	Singh, S.K.
72	Rajan, Shashi
73	Puppala, R.
74	Halder, Asim Kumar
75	Kumar, Ajit
76	Garbyal, Karan Singh
77	Sood, Dushyant Kumar
78	Ravindra, Gopal
79	Mohapatra, P.K.
80	Singh, J.N.
81	Rastogi, Anil Kumar
82	Kumar, Prabhat
83	Jain, Sushil kumar
84	Bhattacharjee, Devraj
85	Sinha, Arun Kumar
86	Padha, Vinod Kumar
87	Kumar, Pramod
88	Khorwal, O.P.
89	Kumar, Anil
90	Srivastava, Narendra Kumar
91	Basu, Devashis
92	Bhatnagar, Ajit Kumar
93	Dr. Mishra, Govinda Chandra
94	Pathak, Tara Nand
95	Panda, Jahar Lal
96	Arya, Sudhir

**S.No.**

97	Barmase, M.R.
98	Agarwal, Vinod Kumar
99	Bhartiya, Pankaj
100	Bandyopadhyay, Sankar
101	Rajdeva, Inder Kumar
102	Malik, Chander Prakash
103	Garg, Arun Kumar
104	Tamrakar, V.S.
105	Sur, Sanjay Kumar
106	Pal, Ramkrishna
107	Patnaik, Surendra Kumar
108	Kothari, Nageen Kumar
109	Pathak, Prem Prakash
110	Srivastava, Samuel
111	Chakraborty, D.K.
112	Rao, Prabhakar Subba
113	Subhasis, Ghosh
114	Radhakrishnan, P.S.
115	Thangapandian, V
116	Roy, Susanta Kumar
117	Deohans, Ramdas Laldas
118	Mukhopadhyay, Mahadeb
119	Behere, Pradeep Bhaskar
120	Kumbhaj, P.C.

**Posted in Subsidiary/Joint Venture Companies and others****S.No. Executive Directors**

1	Singh, Shailendra Pal
2	Sen, Rabindra Nath
3	Modi, P.K.
4	Ahuja, Anil Kumar
5	Krishna, Gopal

**General Managers**

1	Mukherjee, Biswanath
2	Khetarpal, Rakesh
3	Seth, H.C.
4	Sharma, Ashwani
5	Paranjape, V.
6	Venkadeeswaran, S.
7	Gupta, C.S.
8	Ram, Tufani
9	Dixit, Rama Kant
10	Sen, S.S.
11	Suriyanarayanan, N.
12	Chakrabarty, D.
13	Shanker, Janhvi
14	Acharya, S.K.
15	Bhatnagar, R.K.
16	Sinha, Arvind Kumar
17	Kurian, Joseph
18	Gupta, Kamal Dev
19	Basu, Gour Das
20	Gondekar, B.D.
21	Sharma, Vinod
22	Goyal, A.K.
23	Maken, O.P.
24	Dhup, Rakesh Chandra
25	Rathee, R.S.
26	Gupta, Anil
27	Gaur, R.K.





## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 33<sup>rd</sup> Annual Report and the audited accounts for the year ended March 31, 2009.

### FINANCIAL RESULTS

Rs. Million

Income	2008-09	2007-08
Sale of Energy	417,913	369,462
Consultancy	1,325	1,039
Other income (Including energy internally consumed)	33,320	29,612
<b>Total Income</b>	<b>452,558</b>	<b>400,113</b>
<b>Expenditure</b>		
Fuel	271,107	220,202
Employees Remuneration & Benefits	24,631	18,960
Generation, Administration & other expenses	18,192	16,284
Interest	12,750	10,312
Finance charges	7,479	7,669
Depreciation	23,645	21,385
<b>Total Expenditure</b>	<b>357,804</b>	<b>294,812</b>
<b>Profit before tax, provisions and prior period adjustments</b>	<b>94,754</b>	<b>105,301</b>
Tax	11,582	28,401
<b>Profit after tax but before provisions and prior period adjustments</b>	<b>83,172</b>	<b>76,900</b>
Less:		
Prior Period Adjustments (Net)	1,083	2,745
Provisions (Net)	76	7
<b>Net Profit after tax</b>	<b>82,013</b>	<b>74,148</b>
<b>Appropriations:</b>	<b>2008-09</b>	<b>2007-08</b>
Transfer to Bonds Redemption Reserve	4,537	3,822
Interim Dividend	23,087	22,263
Proposed Dividend	6,596	6,596
Tax on Dividend	5,017	4,905
Transfer to General Reserve	44,000	39,000
Transfer to Capital Reserve	86	*

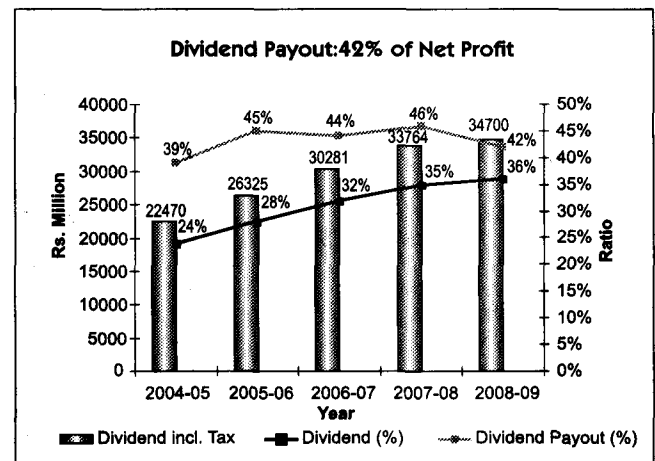
\*Rs. 12,723/-

### FINANCIAL PERFORMANCE

The total income of the company for the year increased by 13.11% to Rs.452,558 million from Rs.400,113 million during the previous year. The profit after tax but before provisions and prior period adjustments increased by 8.16% to Rs.83,172 million from Rs.76,900 million. Net profit after tax increased to Rs.82,013 million from Rs.74,148 million registering a growth of 10.61% over last year.

### DIVIDEND

In addition to interim dividend of Rs.2.80 per share paid in February 2009, your Directors have recommended a final dividend of Rs.0.80 per share for the year 2008-09. The total dividend for the year is Rs.3.60 per share as against Rs.3.50 per share paid last year. The final dividend shall be paid after your approval at the Annual General Meeting. The total dividend pay-out for the year amounting to Rs. 29,683 million represents 36.19 % of the profits after tax. The total dividend payout including tax accounts for 42.31% of profit after tax. The dividend has been recommended in accordance with your Company's policy of balancing dividend pay-out with the requirement of deployment of internal accruals for its growth plans. Your Directors believe that growth of the company through capacity addition, backward and forward integration and strategic diversification of its operations would lead to increase in shareholders' value.



### OPERATIONAL PERFORMANCE

During the year, the power stations of your Company generated 206.939 BU of electricity which was 28.60% of the total power generated in India with a share of 18.82% in the total installed capacity of the country. The power





generated by the company has registered an increase of 3.03% over the previous year's generation of 200.863 BU. Your Company contributed 31.4% of the generation increase in the country during the year. The coal based stations of your company operated at a Plant Load Factor (PLF) of 91.14% (National PLF 77.19%) and an all time high Availability Factor of 92.47% at bar during the year. Your Company has an installed coal based capacity of 23,895 MW comprising 79 units with average fleet age of 18 years. During the year, 10 coal based stations out of 15 achieved more than 90% PLF including four stations registering above 95% PLF. This included Talcher Thermal Power Station having an average age of 36 years, achieving 92.7% PLF. Further, another station, National Capital Thermal Power Station, Dadri achieved an all time high PLF of 99.4%. However, the gas stations having a capacity of 3955 MW, operated at a PLF of 67.01% as against 68.14% last year due to reduced availability of gas. The average availability for gas based stations for the year was 86.65% as compared to 85.93% during previous year.

A detailed discussion on the operations and performance for the year is given in the "Management Discussion and Analysis", Annexure-I included as a separate section to this report.

#### COMMERCIAL PERFORMANCE

During the year, your Company realized 100% payment of current bills raised for sale of power. All the beneficiaries are paying within 30 days of billing except the states of UP and J&K which are making payment in permissible 60 days period. Rebate scheme of providing incentive for early payment based on provisional bill has helped in achieving early realization of dues. This has resulted in realization of nearly 66% of the energy bill within a week of presentation of the bill for the month.

All the beneficiaries have established and are maintaining Letters of Credit (LC) to the extent of 105% of monthly billing. As on date, your Company has LCs of Rs.33,679 million. RBI, on behalf of State Governments, serviced redemptions due on bonds and half yearly interest installments on bonds in time as per One Time Settlement Scheme.

Your Company had signed Power Purchase Agreements (PPAs) with 24 beneficiaries for new projects of 5820 MW capacity during the year. Payment Security Mechanism (PSM) by way of Tripartite Agreements (TPA) amongst respective State Governments, Central Government and Reserve Bank of India are in place upto 2016. In order to ensure PSM beyond 2016, bilateral agreements having escrow arrangement have been signed with most of the state utilities.

The following units were declared commercial during the year adding 2000 MW to commercial capacity of your Company:

Project/ Unit	Capacity (MW)	COD
Sipat Stage-II(1st Unit)	500	20.06.08
Sipat Stage-II (2nd Unit)	500	01.01.09
Kahalagaon Stage-II (1st Unit)	500	01.08.08
Kahalagaon Stage-II (2nd Unit)	500	30.12.08
<b>Total</b>	<b>2000</b>	

COD- Commercial Operation Date

The above increase in commercial capacity was the highest in last 14 years.

For further strengthening relationship with customers, your Company rolled out Customer Satisfaction Index (CSI) in all the regions to have feedback from customers and their perception about the Company.

On January 19, 2009, Central Electricity Regulatory Commission issued Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 applicable for a period of five years unless reviewed earlier or extended by the Commission. The same are discussed in "Management Discussion and Analysis", Annexure-I included as a separate section to this report.

#### INSTALLED CAPACITY

Your company has surpassed 30,000 MW mark. During the year, your Company has added 1,000 MW capacity detailed as under:

	Description	Date of Commissioning	MW
1	Sipat-II	13.08.08	500
2	Bhilai expansion	20.04.08	250
	JV with SAIL	28.03.09	250
	<b>Total</b>		<b>1000</b>

The total installed capacity of the NTPC Group has increased from 29,144 MW to 30,144 MW at the end of the year. With the commissioning of unit 7 of Kahagaon Super thermal Project on June 28, 2009, the installed capacity of your Company is 30,644 MW as detailed below:

Owned by NTPC		MW
Coal based projects		24,395
Gas based projects		3,955
<b>Sub-total</b>		<b>28,350</b>
Joint ventures		
NSPCL (Coal)-JV with SAIL		814
RGPPL (Gas)-JV with GAIL, MSEB and Indian Financial Institutions		1480
<b>Sub-total</b>		<b>2,294</b>
<b>Total</b>		<b>30,644</b>



## CAPACITY ADDITION PROGRAM

Towards its aim of empowering India's growth, your Company has embarked upon an ambitious capacity addition program so as to be a 50,000 MW company by the year 2012 and to have an installed capacity of 75,000 MW plus by 2017. Your company has adopted a multi-pronged growth strategy which includes capacity addition through green field projects, brown field expansions, joint ventures and acquisitions.

### Projects planned

Projects having an aggregate capacity of 17,930 MW including 4,000 MW undertaken by JV companies are under various stages of construction. Further, during the year, Feasibility Reports have been finalized for a total capacity of 4,350 MW consisting of Solapur STPP (2x660MW), Tanda Stage-II (2x660MW), Meja STPP (2x660MW, under JV Company) and Muzaffarpur TPS (2x195MW, under JV Company).

A list of projects under construction is furnished below:

Name of the Project	Capacity (MW)
<b>Project under NTPC Ltd</b>	
<b>A. Coal Based-Ongoing Projects</b>	
1. Sipat-I	1980
2. Barh-I	1980
3. Korba-III	500
4. NCTPP-II, Dadri	980
5. Farakka-III	500
6. Simhadri-II	1000
7. Bongaigaon	750
8. Mauda	1000
9. Barh-II	1320
10. Rihand-III	1000
11. Vindhyachal-IV	1000
<b>Sub Total (A)</b>	<b>12010</b>
<b>B. Hydro Electric Power Projects (HEPP)-Ongoing</b>	
12. Koldam	800
13. Loharinag Pala	600
14. Tapovan Vishnugad	520
<b>Sub Total(B)</b>	<b>1920</b>
<b>C. Projects with Subsidiaries/JVs</b>	<b>4000</b>
<b>Grand Total (A)+(B)+(C)</b>	<b>17930</b>

Details of units planned to be commissioned during 2009-10 are as under:

	Description	MW
1	Kahalgaoon (Unit 7 of Stage-II)	500*
2	Sipat (Unit 1 & 2 of Stage-I)	1320
3	Dadri (Unit 5 & 6 of Stage-II)	980
4	Korba (Unit 7 of Stage-III)	500
	<b>Total</b>	<b>3300</b>

\* commissioned on 28.06.2009

Your Company is also identifying new sites for setting up of power projects during XII Plan and beyond. These projects would be added to the plans after project viability is established.

During the year 2008-09, investment amounting to Rs. 121,458 million was approved for 2 projects namely Rihand Stage-III and Vindhyachal-IV each having capacity of 1000 MW.

### Capacity addition through Subsidiaries and Joint Ventures (JVs)

By leveraging its project execution strength, your Company is setting up about 18% of the capacity addition during XI plan with JV partners giving them a better dispensation in terms of allocation of power, resulting in a 'win-win' situation for both. Four projects having a total capacity of 4,500 MW are planned to be commissioned to add benefits during XI plan. Out of this, during the year 2008-09, two units, each of 250 MW of Bhilai expansion power project of NTPC SAIL Power Company Private Limited (NSPCL) have been commissioned and the balance 4000 MW is under construction. The details of NTPC Group of companies engaged in the task of setting up power projects during XI plan are as under:

Name of Company	JV Partner	Details
NSPCL (NTPC-SAIL Power Supply Co. Ltd.)	Steel Authority of India Limited (SAIL)	Equity contribution of 50:50 by NTPC Ltd and SAIL (2x250 MW commissioned)
NTECL (NTPC Tamil Nadu Energy Company Ltd.)	Tamil Nadu Electricity Board (TNEB)	A 50:50 Joint Venture Company of NTPC Ltd. and TNEB for setting up coal based power project having 2 units of 500 MW each at Vallur, Tamil Nadu. In addition investment approval accorded for setting up another unit of 500 MW.



APCPL (Aravali Power Company Private Ltd)	Indraprastha Power Generation Co. Ltd. (IPGCL) and Haryana Power Generation Co. Ltd. (HPGCL).	Equity contribution in the ratio of 50:25:25 by NTPC, IPGCL and HPGCL respectively for setting up coal based power project having 3 units of 500 MW each at Jhajjar, Haryana.
Bhartiya Rail Bijlee Company Limited	Ministry of Railways, GOI	Equity contribution in the ratio of 74:26 by NTPC and Ministry of Railways for setting up coal based power project having 4 units of 250 MW each at Nabinagar, Bihar.

In addition to the above projects, your Company has formed following Joint Venture Companies to add another 3,690 MW. The units of two of these projects are likely to be ordered under bulk supply tender.

Company	Location/Project
Meja Urja Nigam Pvt. Ltd.	Equity contribution in the ratio of 50:50 by NTPC and Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd. for setting up coal based power project having 2 units of 660 MW each at Meja, UP
Nabinagar Power Generating Co Pvt. Ltd.	Equity contribution in the ratio of 50:50 by NTPC and Bihar State Electricity Board for setting up coal based power project having 3 units of 660 MW each at Nabinagar, Bihar.
Kanti Bijlee Utpadan Nigam Limited	Equity contribution in the ratio of 51:49 by NTPC and Bihar State Electricity Board for setting up coal based power project having 2 units of 195 MW each at Muzaffarpur, Bihar.

#### Diversified Fuel Mix

Although coal will remain the mainstay for adding generation capacity owing to its abundant reserves in the country, your Company is progressively diversifying its fuel mix to increase the share of non fossil fuel with a view to promote sustainable energy development and further reduce CO<sub>2</sub> intensity of power generation.

At present, hydroelectric projects of 1920 MW consisting of Koldam (4x200 MW), Loharinag Pala (4x150 MW) and Tapovan Vishnugad (4x130 MW) are under advanced stage of construction. Another hydroelectric power project namely Rupsiabagar-Khasiabara HEPP having 3 units of 87 MW to be set up in the state of Uttarakhand has already received Techno

Economic Clearance by Central Electricity Authority (CEA). This project has also been accorded approval of Ministry of Environment and Forests (MoEF). Further, a Memorandum of Agreement has been signed with State Govt. of Mizoram for implementation of Kolodyne HEPP (4x115 MW). Detailed Project Report for the same is under updation.

Your Company is also setting up the following hydroelectric generation capacity through its wholly owned subsidiary NTPC Hydro Limited (NHL), set up to undertake development of small hydro projects having capacity upto 250 MW.

Project	Location	Capacity
Lata Tapovan	Uttarakhand	171 MW
Rammam-III	West Bengal	120 MW

The techno economic clearance of CEA and environmental clearance of MoEF have been obtained for both these projects. The land for Lata Tapovan HEPP and Rammam-III HEPP has been acquired. Infrastructure development activities are under progress at these projects. Both the projects are scheduled to be commissioned during XII plan.

Your Company has signed an MOU with Nuclear Power Corporation of India Limited for setting up nuclear power projects.

For a greener tomorrow, your Company has signed an MOU with Karnataka Power Corporation Ltd. (KPCL) for developing 500 MW Wind Energy Farm in Karnataka. Further, a Joint Venture Agreement with Asian Development Bank and Kyushu Electric Power Company Inc. for setting up power generation facility through Renewable Energy Sources (RES) is under finalization.

By the end of XII Plan period, the power generation portfolio of your Company will have a diversified fuel mix with about 53,000 MW of coal based capacity, 10,000 MW through gas, 9,000 MW through Hydro, 2,000 MW from nuclear generation and around 1,000 MW from RES. Thus by the year 2017, the share of coal based projects in the Group's total installed capacity will reduce from the present 82% to around 71%. The share of hydro electric projects, nuclear projects and projects based on renewables is likely to be 12%, 3% and 1% respectively by the year 2017.

#### STRATEGIC DIVERSIFICATION- INCREASING SELF-RELIANCE

Your Company is continuously looking for opportunities in the related business areas such as coal mining, LNG Value Chain, manufacturing activities, power trading, distribution, etc. in its endeavour to become "an integrated power major". Your Company is firmly on its course to add manufacturing capacity through strategic alliances.





NTPC-BHEL Power Projects Pvt. Limited (NBPPL), a joint venture of your Company with BHEL, incorporated on 28.04.2008, has commenced operations. CMD and two full time directors and two part time directors are in place. Implementation of Singrauli STPS Stage-III has been assigned in principle to this company on EPC contract basis. Further, BHEL has issued a Letter of Intent to NBPPL for taking up EPC contract for Balance of Plant equipment at Palatana CCPP having a capacity of 726.6 MW in the state of Tripura.

Another joint venture Company, BF-NTPC Energy Systems Limited was incorporated with Bharat Forge Limited on 19.06.2008 to take up manufacturing of castings, forgings, fittings and high pressure piping required for power projects and other industries. A consultant is to be appointed shortly for preparation of Business plans for this Company.

Consequent upon signing of a Business Collaboration and Shareholders agreement with Transformers and Electricals Kerala Ltd. (TELK) and the Government of Kerala for synergy in the field of manufacturing and repair of Power Transformers etc., your Company has acquired 44.6% stake in TELK from Government of Kerala on June 19, 2009.

Your Company has incorporated a joint venture Company under the name "National High Power Test Laboratory Private Limited" with NHPC, Powergrid and DVC for setting up an online high power test laboratory for short circuit testing in the country. This will go a long way in saving time and reducing cost since at present manufacturers and utilities have to send their equipments to overseas testing labs.

Your Company has also signed a Memorandum of Understanding with Hindustan Aeronautics Ltd. (HAL) for preparation of a detailed project report for "Repairs of Hot gas path components in Gas Turbine" which may eventually graduate to manufacturing facility creation for GT components by forward and reverse engineering.

In order to facilitate trading of electrical power including ancillary services, a Joint Venture Company has been incorporated under the name "National Power Exchange Limited" amongst NTPC, NHPC, PFC and TCS. Please refer to "Management Discussion and Analysis", Annexure-I included as a separate section to this report for further details.

#### GLOBALISATION INITIATIVES

Your Company is continuously scanning business potential that global opportunities offer. A representative office is functioning in Dubai for marketing of its services in Middle East Region. Your Company has received 4 orders in Dubai for carrying out engineering, design and review of sub-stations. It has also completed supervision of erection, testing and commissioning of 800 MW Az-Zour power station in Kuwait.

After identification of site for setting up a 2X250 MW coal based power plant in Trincomalee region, Sri Lanka in Joint Venture with Ceylon Electricity Board, your Company is in the process of finalizing Joint Venture Agreement, Power Purchase Agreement and other definitive agreements. In another international venture proposed to be taken up in Nigeria, pre-feasibility report for setting up the proposed 500 MW coal based and 700 MW gas based power plants has been submitted to Federal Government of Nigeria.

Your Company is exploring the possibility of setting up of new coal power project, taking up Renovation & Modernization of old stations and also sourcing of fuel in Kazakhstan.

#### FINANCING OF NEW PROJECTS

The capacity addition programs shall be financed with a debt to equity ratio of 70:30. Your directors believe that internal accruals of the Company would be sufficient to finance the equity component for the new projects. Given its low gearing and strong credit ratings, your Company is well positioned to raise the required borrowings.

Your Company is exploring domestic as well as international borrowing options including overseas development assistance provided by bilateral agencies to mobilize the debt required for the planned capacity expansion program.

During the year 2008-09, your Company has tied up loans of Rs.115,750 million including a large ticket loan of Rs.100,000 million with Power Finance Corporation Limited. Further, recently, your Company has entered into a loan agreement with State Bank of India for Rs. 85,000 million for part funding of debt requirement in respect of capex for next three years. In addition, loans amounting to Rs. 35,500 million have been tied with other banks to fulfill the debt requirement for next three years.

Bonds amounting to Rs.19,000 million were raised from domestic market for financing the capital expenditure and refinancing of the loans. The latest 10 year bond offering amounting to Rs.7,000 million subscribed at 7.89% per annum bears testimony to the confidence reposed by investors in your Company.

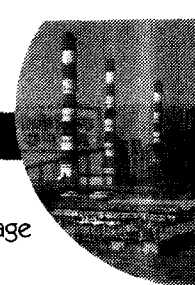
#### Fixed Deposits

The cumulative deposits received by your Company from 285 depositors as at March 31, 2009 stood at Rs 14 million. Further, an amount of Rs. 5 million has not been claimed on maturity by 57 depositors as on that date.

#### FUEL SECURITY

In pursuance of New Coal Distribution Policy introduced by Ministry of Coal in October 2007, your Company has signed Long Term Model Coal Supply Agreement with Coal India Limited on May 29, 2009 for supply of coal to its stations.





The Coal Supply Agreement would be for a period of 20 years or till the end of the life of the power stations, whichever is earlier with provisions of joint review of Annual Contracted Quantity (ACQ) after every five years. The agreement provides for guaranteed supply/off-take at 90% of ACQ for determining incentives/penalties, which are like mirror images on either side of the 90% trigger level.

During the financial year 2008-09 your Company received 129.78 Million Tonnes of coal consisting of domestic coal of 124.37 Million Tonnes, about 3.47% higher than the coal received in previous year and imported coal to the tune of 5.41 Million Tonnes, at the stations.

An agreement with State Trading Corporation of India Limited (STC) for supply of 8.25 Million Tonnes (+/-2%) of imported coal was entered into by your Company in 2008-09. Further, to ensure uninterrupted power generation, your Company has decided to import additional 12.5 Million Tonnes of coal during 2009-10.

Your Company has taken initiatives including tie up for additional gas/RLNG in order to augment gas supplies on medium and long term basis. Further, bidding for oil and gas blocks during various rounds of NELP, possible equity stake in foreign oil and gas blocks/LNG terminals etc. are also some of the measures taken by the Company to enhance gas supply security.

GAIL is our main supplier for APM/PMT gas (at APM price fixed by Ministry of Petroleum and Natural Gas) for the gas based stations. Your Company received 10.74 Million Metric Standard Cubic Meters per Day (MMSCMD) of gas during the fiscal 2009 as against 11.76 MMSCMD received in fiscal 2008. This includes 1.99 MMSCMD of spot RLNG received as compared to 2.77 MMSCMD of gas received during previous year. The supplies of APM/PMT gas declined on account of shutdowns at platforms and force majeure at one of the gas fields of PMT. The availability of spot gas was adversely affected on account of capacity constraint at the re-gasification terminal.

#### Augmenting gas supplies for 2009-10

For meeting the shortfall in gas supplies, your Company is at an advanced stage of finalization of agreement with GAIL for supply of 2.5 MMSCMD of RLNG for a period of 10 years. Under this agreement, the supply of gas is to commence from December'09.

During the first quarter of 2009-10, on an average, over 14 MMSCMD of gas/RLNG has been received in view of improved supplies.

Your Company has entered into medium term agreement for Naphtha supplies for many of its plants with some Oil Marketing Companies. To further enhance fuel security of gas

based stations, increasing the capacity of liquid fuel storage tank is also under consideration at some of our stations.

During fiscal 2009, your Company has strengthened fuel security for its Rajiv Gandhi Combined Cycle Power Project (RGCCPP) by entering into an agreement having enhanced quantity of committed Naphtha supply commensurate with the revised CERC norms of 85% Normative Annual Plant Availability Factor (NAPAF).

#### Diversifying into Coal Mining

Coal mining is integral to your Company's fuel security strategies. Your Company realizes that greater self reliance on coal will go a long way in ensuring the sustained growth of generation. To give greater thrust to the mining activities, each of the coal blocks allotted to your Company is being undertaken in 'project mode'. The development of PB Coal Mining Project (Pakri-Barwadih Coal Mining Block) is under progress. In addition to approval of mining plan, this project has also received environmental clearance. Mining Area of 1459.4 Acres (Phase I) and 4121.99 Acres (Phase II) has been acquired for your Company by Ministry of Coal (MoC). For acquisition of 1153.32 Acres of Mining Area land (Phase III), notification is under process at MoC.

Coal block development activities are under progress in the remaining four coal mining blocks, namely CB Coal Mining Project (Chatti-Bariatu coal block), KD Coal Mining Project (Kerandari coal block), DL Coal Mining Project (Dulanga coal block) and TL Coal Mining Project (Talaipalli coal block). Mining Plans for CB Coal Mining Project and KD Coal Mining Project have been approved by MoC. Mining Plan for DL Coal Mining Project is under approval. The Environmental clearance(s) for CB Coal Mining Project and KD Coal Mining Project are expected shortly.

These blocks have estimated geological reserves of over 3 Billion Tonnes and production potential of about 48 Million Tonnes Per Annum (MTPA) by 2012. An expenditure of Rs. 250 million was incurred on coal mining during 2008-09.

#### Other initiatives for securing coal supply

To leverage the strength of established players in mining and related areas, your Company has formed following Joint Venture Companies:

Name of Company	JV Partner	Purpose
NTPC SCCL Global Ventures Pvt. Ltd., (incorporated on 31.07.2007)	Singareni Collieries Company Ltd.	For undertaking coal mining in India and abroad.
International Coal Ventures Pvt. Ltd., (incorporated on 20.05.2009)	SAIL, CIL, RINL and NMDC	For securing metallurgical coal and thermal coal assets overseas



ICVL is exploring various opportunities in Australia, Mozambique, Canada, Indonesia and USA, etc for acquisition of stake in coking coal and thermal coal mines.

Your Company on its own is proposing acquisitions of stake in coal mines in Indonesia and Mozambique for which due diligence is in progress.

Pursuant to the signing of Memorandum of Understanding for development of Brahmini and Chichro Patsimal coal blocks, a Joint Venture Agreement for development of these blocks is under finalization with Coal India Ltd.(CIL).

Further, a Memorandum of Understanding was entered into with Inland Waterways Authority of India (IWAI) for exploring the feasibility of transportation of imported coal covering entire gamut of economics to Farakka and Kahalgaon projects.

### Exploration Activities

Exploration work on a petroleum block awarded under NELP V in Arunachal Pradesh is in full swing. Geological survey, geo microbiological survey, 2D seismic data processing and interpretation and 3D seismic data processing and interpretation have been completed.

### BUSINESS EXCELLENCE : GLOBAL BENCHMARKING

As a step towards developing 'Total Quality' culture in the organization, your Company took forward Quality Circle and Professional Circle movement for its employees. These for provide opportunities to the employees to get together, network and share knowledge and experience on issues of professional interest. There are 800 QC teams and 300 PC teams across the Company creating refreshing learning culture.

With the objective of benchmarking the performance of its units with international units, your Company became a member of North American Electric Reliability Corporation (NERC). NERC has database of more than 5000 units world wide under Generating Availability Data System (GADS). Your Company's coal units of 200 MW and 500 MW capacity were benchmarked with equivalent sized units amongst their peer group. The comparison revealed that 200 MW as well as 500 MW units performed better than the peer group units on parameters of availability, forced outage, planned outage and capacity outage.

### RENOVATION & MODERNISATION

Your Company undertakes Renovation & Modernization (R&M) under project mode with focus on feasible and cost effective technology upgrade, efficiency improvements to

bring the old vintage units near to the latest design. It gives an opportunity to leverage the technological advancement which has taken place in the power industry so as to continue economical power generation. It may also help to reduce emission of green house gases and avail Clean Development Mechanism benefits apart from life extension of the plant.

Your company is addressing the issue of ageing of its fleet. Around 36% of our coal based units have logged over 1,50,000 hours of operation. R&M requirement of these units is being taken up on priority with an objective of extending the useful life of the units by around 10-15 years and complying with statutory requirements in terms of increasingly stringent environmental norms. Mid-life R&M intervention is provided to units which have completed more than 1,00,000 hours of operation.

During the year 2008-09, your Company decided to take up investment amounting to Rs.6,086 million in respect of following R&M schemes:

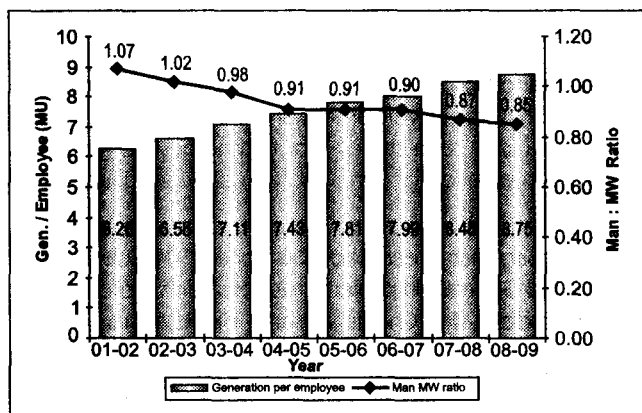
Station	Estimated Cost (Rs Million)
Rihand Super Thermal Power Station (2X500 MW) -Phase-I extension works	545
Korba Super Thermal Power Station (3X500 MW) - Phase-II extension works	673
Auraiya Gas Power Station (652 MW)	4868

### INTEGRITY PACT

Your Company is striving to bring more transparency to its business processes and as a step in this direction has signed a Memorandum of Understanding with Transparency International India in December, 2008. It has been decided that in the first stage, the Integrity Pact is to be implemented for tenders having estimated value  $\geq$  Rs.100 million. For tenders having estimated value  $\geq$  Rs. 1000 million, Independent External Monitors (IEMs) will be appointed. The relevant bidding documents will henceforth contain the necessary provisions for implementation of Integrity Pact.

### HUMAN RESOURCE MANAGEMENT

Your Company takes pride in its highly motivated and competent human resource that has contributed its best to bring the Company to its present stature. The productivity of employees is reflected in the consistent improvement of Man-MW ratio over the years. The over-all Man-MW ratio on 31.3.2009 excluding JV/subsidiary capacity is 0.85 and has improved by 20% over last 7 years. Generation per employee has increased to 8.75 MUs i.e. by 40% over the same period.



The total employee strength of the company stands at 24,713 as on 31.3.2009 against 24,547 as on 31.3.2008.

	Fiscal 2009	Fiscal 2008
<b>NTPC</b>		
Number of employees	23,639	23674
<b>Subsidiaries &amp; Joint Ventures</b>		
Employees of NTPC in Subsidiaries & Joint Ventures	1,074	873
<b>Total employees</b>	<b>24,713</b>	<b>24,547</b>

The attrition rate of the executives during the year was 1.88% as compared to 3.1% in the previous year.

#### Employee Relations and Safety

During the year, employee relations scenario in your Company continued to be cordial marked by industrial harmony and mutual trust. Continuous interactions take place amongst the management and apex forums of workmen called National Bipartite Committee and with executives forum named NTPC Executive Federation of India. Your Company has effective multi-tier bipartite forums covering areas relating to plants and townships.

Safe methods are practised in all areas of Operations & Maintenance and Construction & Erection activities for the protection of workers against injury and diseases. Occupational safety at workplace is given utmost importance.

#### Training and Development

Your Company, as part of its endeavour of being a learning organization, has a policy of continuously investing in training and development of not only its own employees but also of all professionals of the power sector. The Company imparts training at its sites as well as at the corporate level in diverse areas including managerial topics, power station operation and maintenance and project construction, erection and commissioning and information technology.

In pursuit of developing manpower in power sector, your Company established a dedicated training institute - Power Management Institute (PMI) at Noida in 1994. Since then PMI has grown into an impressive centre of learning. In the year 2008-09, PMI conducted a total of 310 programmes which were attended by a total of 8513 participants. It also organized a workshop on "Corporate Governance" at Geneva for CEOs and CMDs of many companies from India and abroad. Focused plans are under implementation for installing internet-based on-line training modules and hands-on training through simulator remote terminals for supercritical technology.

#### INCLUSIVE GROWTH

Your Company is committed to inclusive growth through its Corporate Social Responsibility initiatives.

With a view to improve the employability of the village youth and also to improve availability of skilled manpower around projects, your Company is providing sponsorship to candidates from these villages for ITI training in the trades of welder, fitter, instrument mechanic, electrician etc. Close to 700 village youth have been sponsored during the year 2008-09. Support has been extended for assistance in self reliance for 500 tribal girls/ women in tribal area of Jhamar Kotra in Udaipur Dist. of Rajasthan.

Your Company is adopting 16 ITIs located in the vicinity of its projects under Public Private Partnership/Bilateral Agreement Schemes. Apart from this, your Company will also set up 6 new ITIs. Your Company is also setting up a power training institute at Solapur. To contribute in the field of higher technical education in the country, your Company is also setting up International Institute of Information Technology (IIIT) in Chhattisgarh.

As a measure to contribute towards conservation of selected national monuments, your Company in association with Archaeological Survey of India (ASI), has identified 3 sites for financial support. Your Company was also closely associated in formation of IS:16001:2007 on "Organisational Accountability at the Workplace- Requirements" prepared by Bureau of Indian Standards (BIS). Your Company was also involved in preparation of draft on "ISO 26000 guidance on Social Responsibility and the implications for developing countries" by BIS.

Committed to its social responsibilities, your Company became a member of Global Compact, a voluntary initiative of the UN for CSR. Your Company confirms its involvement in various CSR activities in line with the 10 Global Compact principles and shares its experience with the representatives of the world through "Communication on Progress". A report on progress made in this area is enclosed at Annex-IX to Directors' Report.





## NTPC Foundation

NTPC Foundation is engaged in serving and empowering the physically challenged and economically weaker sections of the society. The Information and Communication Technology (ICT) Centre, set up jointly by NTPC Foundation and University of Delhi enables approximately 1000 physically challenged students to learn IT Skills and help them move along with the mainstream society. The Foundation is also extending similar ICT facilities to the existing blind schools in Lucknow, Ajmer, Thiruvananthapuram and Mysore.

Tanda project has been identified by the Foundation as pilot project for operating District Disability Rehabilitation Centre (DDRC) in collaboration with National Institute for the Orthopedically Handicapped (NIOH), Ministry of Social Justice and Empowerment, Govt. of India.

## Rehabilitation & Resettlement

Your Company is committed to help the populace displaced for execution of its projects and has been making efforts to improve the Socio-economic Status of Project Affected Persons (PAPs) and also undertaking community development activities in and around the projects. Rehabilitation Action Plans are implemented in most of the projects. During 2008-09, Socio-Economic Surveys (SES) were completed for 6 projects including 2 mining projects.

Your Company has formulated "Initial Community Development" (ICD) policy to take up community development activities in greenfield/expansion projects. As a proactive measure, the policy provides for implementation of Community Development activities prior to formulation of Rehabilitation & Resettlement plan.

## IMPLEMENTATION OF OFFICIAL LANGUAGE

Your Company has made vigorous efforts for the propagation and successful implementation of the Official Language Policy of the Government of India. Several Hindi workshops and competitions were conducted at projects, regional offices and corporate centre during the year to encourage the employees to maximize the use of Hindi in official work. Office orders, formats and circulars were issued in Hindi as well. All important advertisements and house journals were released in bilingual form- in Hindi and in English. One Hindi word is being displayed over the intranet daily. Your company's website also has a facility of operating in bilingual form- in Hindi as well as in English.

## SUSTAINABLE ENERGY DEVELOPMENT

Your Company has adopted the following vision statement on sustainable energy development:

**"Going Higher on Generation, lowering GHG intensity"**

Your Company is committed for development of renewable energy in view of global warming and fast depletion of fossil fuel.

A memorandum of understanding has been signed with Swiss Agency for Development and Cooperation (SDC) to formulate a long term strategy for technology up-gradation and implementation of Renewable Energy and Distributed Generation projects.

Your Company has already commissioned 10 Decentralized Distributed Generation projects, out of which 5 projects are in Uttar Pradesh, 4 in Chattisgarh and 1 in Rajasthan.

A pilot scale Bio-methanation Plant has been set up at Faridabad in order to convert the waste into useful energy and bio-fertilizer.

## NETRA-Thrust on development of Green Power

In order to bring synergy between Energy Technologies department and Research & Development department and integrate their efforts and resources to enable quick maturing of research projects into a deployable technology, these departments were merged to form NTPC Energy Technology Research Alliance (NETRA). NETRA is envisioned as a state-of-the-art centre for research, technology development and scientific services in the domain of electric power to enable seamless work flow right from concept to commissioning. NETRA complex is the first ECBC (Energy Conservation Building Code) compliant building in NTPC.

NETRA's laboratories are ISO 17025 accredited and provide high end scientific services to all the Company's stations as well as many outside stations resulting in improved availability and reliability of stations by providing condition assessment, failure analysis, by solving and analyzing specific problems, and helping our stations in increasing the availability and reliability of their units. It is also providing consultancy to Fujairah Combined cycle Gas and Water Plant, UAE.

NETRA has filed 12 patent applications for various activities like assessment of high voltage transformers, fly ash based utensil cleaning powder, CO<sub>2</sub> capturing Zeolites from flue gas; etc. It focuses on developing cutting edge technologies by carrying out applied research which will manifest into cost reduction and environment protection. Collaborative research work is being carried out with other premier academic institutions and labs under 12 research projects.

NETRA is continuously taking initiatives to develop technologies for reducing forced outages, installing smart intelligent systems for online monitoring of critical components, understanding the likely damages due to corrosion and providing appropriate solutions, etc. With prime thrust on clean and economic power generation, efforts are being made to reduce cost of generation by either increasing the overhaul cycle or reducing overhaul duration





through correct and proper health assessment of critical components; developing diagnostic tools and ensuring environmental & safety compliances.

Towards green power development, NETRA has taken up projects for Solar Heating, Ventilation and Air Conditioning (HVAC), solar experimental power plant and Flue Gas Heat Recovery. It is poised to take up collaborative research for biological fixation of carbon dioxide through marine micro algae. In order to improve efficiency through low grade heat recovery, liquid ammonia binary cycle is under development through collaborative research.

### Environment Management

Your Company has adopted advanced and high efficiency technologies such as super critical boilers for the up-coming greenfield projects. The company is also supplementing the high ash Indian coal with washed / beneficiated coal and imported low ash coal in its operating plants. Presently, good quality coal is imported forming around 5%-8% of total coal feed. This also helps in conservation of precious domestic natural resources.

All plants are provided with High efficiency Electro-static Precipitators (ESPs) with efficiency of the order of 99.9% or higher and advanced control systems to keep Suspended Particulate Matter (SPM) for outlet dust burden of below 100 mg/Nm<sup>3</sup>. Flue Gas Conditioning (FGC) system has also been provided at our old Units which are helping in reduction of SPM emissions below statutory limits as and when coal quality is deteriorating. Flue Gas De-sulphurising (FGD) technology is being taken up for the first time in the country at the coal based power plant (3X250MW) at Bongaigaon in Assam. This project is expected to be operational during XI Plan.

In the area of water management, your Company has implemented the concept of 3Rs - Reduce, Recycle & Re-use in its power stations. Provision of advanced treatment facilities in its Liquid Waste Treatment Plants (LWTP), installation of recycling systems for ash pond effluent called Ash Water Recirculation System (AWRS) and installation / operation of closed cycle condenser cooling water systems with higher Cycle of Concentration (COC) are some of the measures implemented in most of our stations. With implementation of improved cooling water treatment system, your Company has achieved operating COC of 4.5 to 5.0 against design COC of 1.65 to 2.0 at gas based combined cycle power plants at Kawas and Gandhar. This has resulted in considerable reduction in fresh water intake of the order of 20% to 30% and reduction in effluent discharge from the power plants.

Ash dykes have been engineered to ensure that all safety and environmental issues are addressed at design stage itself. Multi-lagoon ash ponds with provision of over flow lagoons and garlanding arrangement for change over of ash slurry feed points have been provided for effective settlement of

ash particles. Water sprinklers have been provided in the Ash Pond areas for control of fugitive dust.

61 continuous Ambient Air Quality Monitoring System (AAQMS) are presently under final stage of commissioning at 20 stations located all over India in order to monitor key environmental parameters of stack emissions, ambient air and effluents. Online CO<sub>2</sub> monitoring equipments are being installed at all the new projects starting from Barh STPP Stage-I.

The Company has been undertaking Afforestation, covering vast areas of land in and around its projects and till date has planted more than 18.50 million trees throughout the country which has not only contributed to the aesthetics but has also been serving as a carbon sink for our stations and nearby industries.

As a result of pursuing sound environment management systems and practices, all NTPC stations have been certified with ISO 14001 and OHSAS 18001 by reputed National and International certifying agencies.

### Clean Development Mechanism (CDM)

Your Company has decided to set aside 1% of its distributable profit for research and development including 0.5% for research activities related to 'clean coal' and climate change initiatives.

The consolidated baseline and monitoring methodology for new grid connected fossil fuel fired power plants using less GHG intensive technology prepared by your Company for Super Critical Technology has been approved by "United Nations Framework Convention on Climate Change (UNFCCC)" under 'Approved Consolidated Methodology 13'. This is a path breaking development for entire power sector.

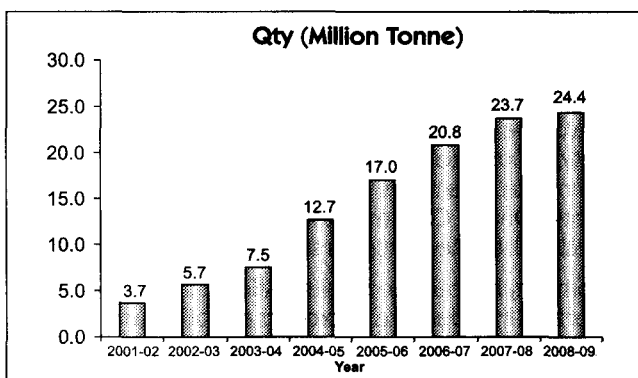
Host country approval has already been accorded by National CDM Authority for three projects viz. North Karanpura STPP, Tapovan Vishnugad HEPP and Loharinag Pala HEPP. Super critical units at Barh STPP Stage-II and many other projects are in the pipeline for host country approval. These endeavors shall help in getting/earning "Certified Emission Reduction" and will facilitate development of advanced energy efficient technologies.

Your Company is amongst the cleanest fossil fuel based power generators in the world with its CO<sub>2</sub> intensity of power generation comparable with the best.

### Ash Utilisation

During the year 2008-09, about 24.4 million tonne of ash has been utilized for various productive purposes which is 56.7% of the total ash generation against MoU target of 55%. Over the last 7 years, Ash utilization as a percentage of total ash generation has increased by more than 5 times.

Important areas of ash utilization are- manufacturing cement, concrete, ash based products, asbestos sheets, construction of road embankment, ash dyke raising, mine filling and land development. Issue of fly ash to cement and concrete industry this year has been 10 Million Tonnes, about 15% more than last year's issue.



Your Company has pilot ash brick manufacturing plants at all NTPC coal based stations. The bricks have been utilized for construction activities including green field projects and townships within NTPC. Farmers are being made aware of the use of ash in fields.

About 1.14 Million Tonnes of ash from Talcher-Thermal has been successfully used for reclamation of abandoned coal mine of South Balanda of MCL in Orissa. So far 3.64 Million Tonnes of ash has been used in this mine. MoC is associated for pilot project of random filling of ash with overburden of an operating mine.

Your Company has signed an MoU with Research Designs & Standards Organization (RDSO), Lucknow to explore use of ash in Railway embankments.

#### **CenPEEP- Thrust on efficiency**

Center for Power Efficiency and Environmental Protection (CenPEEP), set up with technical assistance of USAID/USDOE is a symbol of your Company's commitment towards green house gas (GHG) reduction and an example of successful international cooperation. Various state-of-the-art technologies and practices for improvement in efficiency and maintenance have been demonstrated in local conditions and disseminated to power stations through hands-on-training, guidelines and workshops.

Efficiency Management System (EMS) has been implemented at all stations to focus on periodic performance evaluation, analysis and development of action plans for performance restoration. 'Low cost high benefit' technologies, systems and tools have been introduced such as thermodynamic model studies, high accuracy instruments alongwith portable DAS condenser tube cleaning systems, helium leak detection, infrared and acoustics based diagnostic tools etc.

CenPEEP's capabilities and efforts have been recognized by public and private organisations. Government of India identified CenPEEP to support demonstration of best practices in some of the state generating companies under Asia Pacific Partnership (APP) on clean development and climate. During these demonstrations, substantial potential

for CO<sub>2</sub> reduction was identified. For its efforts on GHG reduction in power sector, Council of Power Utilities has conferred '**India Power Award 2008**' upon CenPEEP-NTPC.

International cooperation for climate change has been expanded with signing of an agreement between Ministry of Power, NTPC Ltd. and Japan International Agency for Cooperation (JICA) to undertake a 'Study on enhancing Efficiency of Operating Thermal Power Plants in NTPC-India'. The study will identify areas for efficiency enhancement in selected coal-fired power plants of your Company with support from JICA study team comprising experts from a consortium of three Japanese utilities namely Electric Power Development Co, Kyushu Electric Power Co. and The Chugoku Electric Power Co.

#### **MANAGEMENT OF CHANGE**

Your Company has taken several initiatives to improve business processes, promote innovation and leverage information & communication technology for over-all productivity enhancement.

#### **Implementation of ERP**

Your Company believes in keeping pace with latest technology and acquiring the latest know-how, in line with its growth and diversification plans. Enterprise Resource Planning (ERP) has been implemented at all NTPC projects as well as at its subsidiaries. Besides the implementation of Employee Self Service (ESS) functionality, Core Business processes such as Finance, HR, Material, e-procurement, Knowledge Management (KM), Business Intelligence (BI), Document Management, and Workflow etc. have also been implemented.

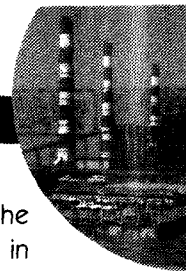
A state-of-the-art Data Centre with centralized ERP Servers has been set up at NOIDA for the entire Company. The Disaster Recovery site is planned to be setup at Hyderabad. Dedicated Multi Protocol Label Switching-Virtual Private Network (MPLS/VPN) for ERP from BSNL has been made operational to cover 48 locations.

#### **Promoting Innovation for productivity enhancement**

IPON (Idea Portal of NTPC), a web based platform has been created for receiving the suggestions from employees for improving performance, productivity and growth of the organization

#### **Using Information and Communication technology for productivity enhancement**

Your Company has already implemented video-conferencing at all its plant locations and at number of its subsidiaries, which is being used extensively for Management Committee meetings and Projects Monitoring on regular basis. A web based monitoring system has been implemented at NCTPP, Dadri on a pilot basis. For NCTPP Stage-II which is under construction, this system has integrated the major suppliers and monitors more than



30,000 activities on a real time basis. This system is planned to be rolled out at some other projects in future.

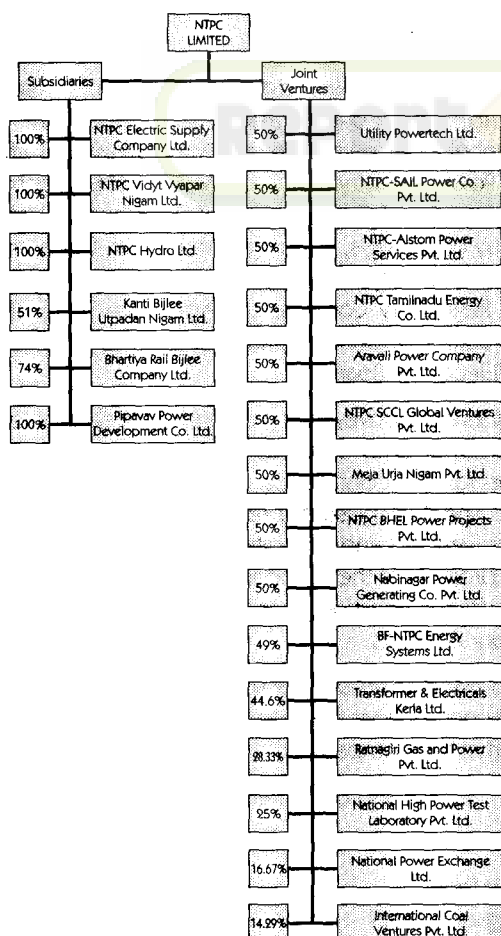
### CONTRIBUTION TO THE SECTOR

Government of India reposes confidence in your Company's abilities in implementing plans and projects. Under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), Ministry of Power has given your Company, the responsibility of electrification of approximately 38500 villages in 6 States and one Union Territory. During the year 2008-09, more than 4000 villages were electrified and electricity connections were provided to 1.68 lac below Poverty Line households. Consultancy services were provided for R&W Life Extension of 2x110 MW units of Barauni Thermal Power Station in Bihar and 5X200 MW units of Obra Thermal Power State in U.P.

Your Company has provided training to state utilities' personnel at PMI and technical and managerial services were provided to the State Utilities.

### NTPC GROUP : JOINT VENTURES AND SUBSIDIARIES

Your Company has formed 15 joint venture companies and 6 subsidiary companies for undertaking specific business activities. The names of these companies and the percentage of your Company's stake in these Companies is as follows:



The performance of these companies as well as the consolidated financial statements are briefly discussed in the Management Discussion & Analysis section. The financial statements of subsidiary Companies along with the respective Directors' report are placed elsewhere in this Annual Report.

### STATUTORY AND OTHER INFORMATION REQUIREMENTS

Information required to be furnished as per the Companies Act, 1956, Listing Agreement with Stock Exchanges, Government guidelines etc. is annexed to this report as below:

Particulars	Annexure
Management Discussion & Analysis	I
Report on Corporate Governance	II
Information on conservation of energy, technology absorption and foreign exchange earnings and outgo	III
Information as per Companies (Particulars of Employees) Rules, 1975	IV
Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies	V
Statistical data of the grievances	VI
Statistical information on persons belonging to Scheduled Caste / Tribe categories	VII
Information on Physically Challenged persons	VIII
UNGC Communications on progress 2008-09	IX
Presidential Directives	X

### STATUTORY AUDITORS

The Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India. M/s Varma & Varma, B.C. Jain & Co., Parakh & Co., S.K. Mittal & Co., Dass Gupta & Associates and S.K. Mehta & Co. were appointed as Joint Statutory Auditors for the financial year 2008-09.

### MANAGEMENT COMMENTS ON STATUTORY AUDITORS' REPORT

The Statutory Auditors of the Company have given an unqualified report on the accounts of the Company for the Financial Year 2008-09.

### REVIEW OF ACCOUNTS BY COMPTROLLER & AUDITOR GENERAL OF INDIA

As advised by the office of The Comptroller & Auditor





General of India (C&AG), the comments of C&AG and Management's replies thereto on the accounts for the year 2008-09 are being placed with the report of Statutory Auditors of your Company elsewhere in this Annual Report.

### **COST AUDIT**

As prescribed under the Cost Accounting Records (Electricity Industry) Rules, 2001, the Cost Accounting Records are being maintained by all stations of the Company since the year 2002-03. The cost audit for the year 2008-09 has been completed and the Cost Audit reports are scheduled to be submitted shortly.

### **BOARD OF DIRECTORS**

Shri M.N. Buch, Shri Shanti Narain, Shri P.K. Sengupta, Shri K. Dharmarajan and Dr. M. Govinda Rao have joined the Board as Non-official Part-Time Director with effect from August 26, 2008. Shri I.J. Kapoor has taken over as Director (Commercial) with effect from December 26, 2008.

Shri G.P. Gupta, Shri M.I. Beg, Dr. R.K. Pachauri and Prof. Ashok Misra ceased to be the Non-official Part-time Directors of the Company with effect from January 29, 2009 on completion of their respective tenure. Shri Kanwal Nath, Shri Adesh Jain, Shri A.K. Sanwalka and Shri S. Nautiyal have joined as Non-official Part-time Director of the Company with effect from January 30, 2009.

Shri Rajesh Verma ceased to be the Part-time Director of the Company with effect from March 26, 2009. Shri V.P. Joy has ceased to be the Part-time Director of the Company w.e.f. May 4, 2009.

Shri I.C.P. Keshari and Shri Rakesh Jain have joined as Part-time Directors (Government Nominee) with effect from May 4, 2009 and June 9, 2009 respectively.

Shri K.B. Dubey ceased to be Director on the Board of your Company w.e.f. July 31, 2009 consequent upon attaining the age of superannuation and in his place Shri B.P. Singh, Executive Director (Coal Mining & Coal Washerries), NTPC has joined as Director (Projects) w.e.f. August 1, 2009.

The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri G.P. Gupta, Shri M.I. Beg, Dr. R.K. Pachauri, Prof. Ashok Misra, Shri Rajesh Verma, Shri V.P. Joy and Shri K.B. Dubey during their association with NTPC.

In accordance with the provisions of Article 41(iii) of the Articles of Association of the company four directors - Shri Chandan Roy, Shri R.K. Jain, Shri A.K. Singhal and Shri M.N. Buch shall retire by rotation at the Annual General Meeting of your Company and, being eligible, offer themselves for re-appointment.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217(2AA) of the Companies Act, 1956 your Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2008-09 and of the profit of the company for that period;
3. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
4. the Directors had prepared the Annual Accounts on a going concern basis.

### **ACKNOWLEDGEMENT**

Your Directors acknowledge with deep sense of appreciation the co-operation received from the Government of India, particularly the Prime Minister's Office, Ministry of Power, Ministry of Finance, Ministry of Environment & Forests, Ministry of Coal, Ministry of Petroleum & Natural Gas, Ministry of Railways, Planning Commission, Department of Public Enterprises, Central Electricity Authority, Central Electricity Regulatory Commission, Appellate Tribunal for Electricity, State Governments, Regional Power Committees and State Electricity Boards.

Your directors also convey their gratitude to the shareholders, various International and Indian Banks and Financial Institutions for the confidence reposed by them in the Company. The Board also appreciates the contribution of contractors, vendors and consultants in the implementation of various projects of the Company. We also acknowledge the constructive suggestions received from Government and the Statutory Auditors.

We wish to place on record our appreciation for the untiring efforts and contributions made by the employees at all levels to ensure that the company continues to grow and excel.

For and on behalf of the Board of Directors

**R. Sharma**

(R.S. Sharma)

Place: New Delhi

Date: August 1, 2009

Chairman & Managing Director



## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENTS

#### GENERATION

##### Existing Installed Capacity

The power sector in India is characterized by deficits with demand outstripping the supply. Going forward, it is likely that the same situation will continue till the end of XII plan.

The total installed capacity in the country as on March 31, 2009 was 147,965 MW with State Sector leading with a share of 51.4%, followed by Central Sector representing 33.1% share and balance 15.5% is contributed by Private Sector entities.

Total Capacity	MW	% share
State	76,116	51.4%
Centre	48,970	33.1%
Private	22,879	15.5%
<b>Total*</b>	<b>147,965</b>	<b>100%</b>

\*Excluding captive generating capacity connected to the grid 19781.79 MW as on 31.3.2009

Source: CEA's executive summary

Out of 3,454 MW added during the year in the country, the Central Sector contributed to an addition of about 22%, state sector 53% and 25% was contributed by private sector.

The total thermal capacity, including gas stations and diesel generation accounts for about 63.3% of installed capacity of the country followed by hydro capacity at 24.9%. Nuclear stations account for 2.8% and the balance 9.0% is contributed by Renewable Energy Sources.

Total Capacity	MW	% share
Thermal	93,725	63.3%
Hydro	36,878	24.9%
Nuclear	4,120	2.8%
R.E.S.@	13,242	9.0%
<b>Total</b>	<b>147,965</b>	<b>100%</b>

@ Renewable Energy Sources

Source: CEA's executive summary

With about 77,649 MW of the installed capacity contributed by coal based stations which is 52% of nation's capacity, coal remains a key fuel for power generation.

##### Existing Generation

The total power generation in the country during the year 2008-09 was 723.794 billion units as compared to 704.451 billion units generated during last year registering a growth of 2.74%.

The sector wise break up as well as fuel wise break-up of generation for the year 2008-09 is detailed as under:

Total Generation	Billion Units	% share
State Sector	344.975	47.7%
Central Sector	304.033	42.0%
Pvt. Sector	68.887	9.5%
Others	5.899	0.8%
<b>Total</b>	<b>723.794</b>	<b>100%</b>

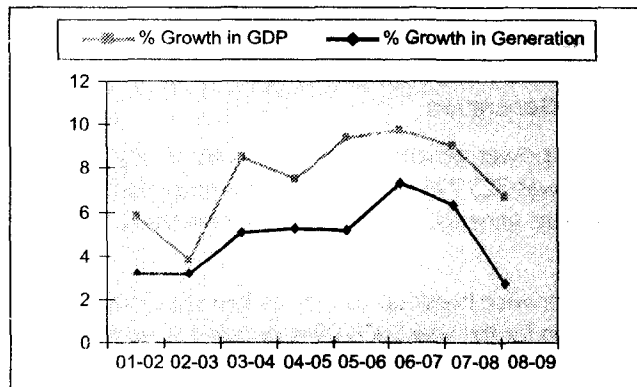
Total Generation	Billion Units	% share
Thermal	590.101	81.6%
Hydro	113.081	15.6%
Nuclear	14.713	2.0%
Others	5.899	0.8%
<b>Total</b>	<b>723.794</b>	<b>100%</b>

Source: CEA's executive summary

Although the State Sector accounts for 51.4% of installed capacity, its contribution to national generation is only 47.7%. Central Sector utilities have better performing stations as compared to those of State utilities and contribute 42% of nation's generation with a share of 33.1% in installed capacity.

##### Demand and Supply position

As per Global Economic outlook (January, 2009) of the Economist, India's GDP is still expected to grow next only to China in the range of 8.3% to 6.5% per annum in comparison to negative GDP growth predicted for all the other major economies in the world. In a recent report issued by World Bank on 'Prospects of Global Economy', in the year 2010, the estimated growth of GDP of 8.0% in India will overtake the GDP growth of 7.5% estimated for China. In order to sustain the above GDP growth rate, the Power Sector also needs to grow at an appropriate pace in the medium to long term. However, the past trend shows otherwise. The growth of GDP vis-à-vis growth in gross generation of power for the last 8 years is given below:



Central Electricity Authority in its 17<sup>th</sup> Electric Power Survey (EPS) has projected that in order to completely wipe off the energy deficit, the energy requirement at the power station bus bar would be of the order of 968.659 Billion Units in 2011-12.

Currently, the sector is characterized by acute shortages. At the end of fiscal 2009, the energy shortage was at 11.1% and peaking shortage was at 11.9% indicating huge gap between demand and supply of electricity. The demand and supply position during the last five year in the country is indicated as under:

#### Actual Power Demand- Supply Position

Fiscal Year	Requirement	Availability	Surplus/Deficit (+/-)	
	(MU)	(MU)	(MU)	(%)
2005	591,373	548,115	-43,258	-7.3%
2006	631,554	578,819	-52,735	-8.4%
2007	690,587	624,495	-66,092	-9.6%
2008	737,052	664,660	-72,392	-9.8%
2009	777,039	691,038	-86,001	-11.1%

MU denotes Million units, Source: Executive Summary of CEA.

#### Consumption

The end users of power in India are broadly classified into industrial, domestic, agricultural and commercial categories. The share of each of these categories in the consumption of electricity during the fiscal 2008 was approximately 38%, 24%, 22% and 8% respectively. The balance pertains to various other consumers. As per 'Eleventh Five Year Plan' of planning commission, India is world's 5<sup>th</sup> largest energy consumer accounting for 3.45% of global energy consumption. However, the per capita energy consumption in India remains low. Energy consumption includes electricity, petrol, gas, coal, firewood etc. The per capita

consumption of electricity of 704 Kwh in India is quite low as compared to global average of 3240 Kwh. The per capita electricity consumption of major developed nations and other major emerging economies as of 2006/2007 is given below:

Country	Per Capita Electricity Consumption in Kwh	Country	Per Capita Electricity Consumption in Kwh
USA	12924	Malaysia	3725
Australia	10721	China	2179
Japan	7702	Brazil	2117
South Korea	7516	Mexico	1858
Russia	6969	Egypt	1276
U.K.	5774	India*	704
		World Avg	3240

Source: CIA World factbook; \* for the year 2007-08 as per CEA

#### Capacity Utilisation

Capacity utilisation in the Indian power sector is measured by Plant Load Factor (PLF). The PLF for coal-fired plants during 2008-09 was 77.19% as compared to 78.60% during 2007-08. The reduction in PLF is due to negative growth in power generation from hydro stations mainly due to less inflow into reservoirs resulting from low rainfall during monsoon. Generation of power from nuclear power stations also registered negative growth owing to fuel supply constraint.

#### TRANSMISSION AND DISTRIBUTION

Currently India has Transmission and Distribution network of 6.78 million circuit kilometres which is the third largest in the world. In India, the power transmission and distribution (T&D) system is a three-tier structure comprising of distribution net-works, state grids and regional grids. The distribution networks are owned by the Distribution licensees and the state grids are primarily owned and operated by respective state utilities. In order to facilitate the transmission of power among neighbouring states, state grids are interconnected to form regional grids.

Most of the inter-state transmission links are owned and operated by Power Grid Corporation of India Limited. Powergrid also owns and operates many inter-regional transmission lines (forming a part of the national grid), in order to primarily facilitate the transfer of power from a surplus region to a deficit region. The regional grids are being gradually integrated to form a national grid enabling inter-regional transmission of power facilitating optimal utilization



of the national generating capacity. The geographical distribution of primary sources of power generation in the country is uneven. The hydro potential is in the Northern and North-Eastern States and coal is primarily located in the Eastern part of the country. Development of strong National Grid has become a necessity to ensure optimal supply of power to all. Transmission system planning has shifted from generation evacuation system planning to integrated system planning. The Ministry of Power (MoP) has envisaged establishment of an integrated National Power Grid in the country by the year 2012. The program envisages addition of over 60,000 ckt km of Transmission Network in a phased manner by 2012. The integrated grid shall evacuate additional 100,000 MW and carry 60% of the power generated in the country. The existing inter-regional transmission capacity connects the northern, eastern, north-eastern and western regions in synchronous mode and the southern region asynchronously. The inter-regional power transmission capacity as on March 2009 is 20,750 MW as compared to 17,000 MW at end of fiscal 2008. This capacity is expected to be further augmented to 37,700 MW by 2012. High capacity transmission corridors need to be developed for the viable and economic evacuation of such a quantum of power. For this, high capacity HVDC links and 1,200 KV and 765 KV UHV (Ultra High Voltage) AC corridors with pooling stations at suitable locations in Jharkhand, Orissa, Chhattisgarh, Madhya Pradesh, Andhra Pradesh and Tamil Nadu have been envisaged. Work has started on the first 800 KV HVDC bipole line from the north-eastern region to the northern region.

### POLICY FRAMEWORK

Responsibility for the development of the power industry is shared between the Central Government and the State Governments. The Electricity Act 2003 (**EA 2003**) provides the overall legislative framework for the sector.

MoP oversees the operation of all Central Sector Power utilities. The Central Electricity Authority advises the MoP on electricity policy and technical matters. The government has constituted CERC as per legislative requirement to regulate the tariffs for the central power utilities and other entities with inter-state generation or transmission operations. The EA 2003 also requires state governments to set up State Electricity Regulatory Commissions for rationalization of energy tariffs and formulation of policy within each state. As of March 31, 2009 all the states except Arunachal Pradesh have set up their Regulatory Commissions. In addition, two Joint Electricity Regulatory Commissions have been set up for Manipur & Mizoram and Goa & UTs. 16 states have unbundled so far into Generation Cos., Transmission Cos.,

and Distribution Cos. Chattisgarh State Electricity Board has recently unbundled into 5 different companies.

Broadly various reforms ushered in by amending the legislative framework in power sector are:

1. Promulgation of the **Electricity Act 2003**. The Act promoted a liberal, transparent and enabling legal framework for power development for creation of a competitive environment and reforming distribution segment of power industry.
2. EA 2003 allowed open access in transmission and distribution.
3. Regulatory oversight for fixation of tariff, Licensing, Open Access and Market Development.
4. Multiple licenses in distribution allowed.
5. **National Electricity Policy (NEP) 2005 issued.**
6. **Tariff Policy 2006 issued.**
7. Appellate Tribunal operationalized in 2005 to hear appeals against orders of Electricity Regulatory Commissions.
8. **Rural Electricity Policy** launched in August'2006- joint efforts of Central Government and the State Governments to provide access to electricity to all areas including villages and hamlets through rural electricity infrastructure and electrification of households.
9. No licence is required for sale from captive units.
10. Definition of theft expanded to cover the use of tampered meters and use for unauthorized purpose. Theft is made explicitly cognizable and non-bailable.
11. **National Hydro Policy launched in fiscal 2008-** Amongst other area of thrust, private producers can undertake Hydro projects based on PPA route with a facility of merchant sale upto 40% from saleable energy from hydro plant.

### POWER TRADING

Trading of power is recognized as a distinct license activity under the EA 2003. The Central and State Electricity Regulatory Commissions have powers to grant inter state and intra-state trading licenses. So far CERC has granted 43 inter state trading licences, of which 41 are in existence as on 31.3.2009.

India's first power exchange - Indian Energy Exchange (IEX) became operational and trading was launched on June 27, 2008. The IEX is promoted by Financial Technologies (India) Limited (FTIL) and PTC India Financial Services Ltd. Another





power exchange namely Power Exchange India Limited (PXIL), promoted by NSE and National Commodities & Derivatives Exchange Ltd. (NCDEX), started operations from October 22, 2008. Both the power exchanges are operating successfully contributing to trade and distribution of market information, promoting competition and creation of liquidity in a deregulated power market. The trading is done through on line satellite connected exchange that ensures transparency and price discovery.

During fiscal 2009, 21.92 BUs were traded in the country representing around 3% of total generation in the country. (Source: Economic Survey 2008-09)

### Latest Developments in Power Sector

#### • CERC's 2009-14 Regulations

With an objective of making investment in generation and transmission infrastructure more attractive without compromising consumer interest, on January 19, 2009, CERC announced tariff regulation for power generation and transmission for 2009-14. The key high lights are as under:

- The base rate of RoE raised from 14% (post tax) to base rate of 15.5% to be grossed up with normal tax rate as applicable to the concerned utility. There is an additional 0.5% RoE if projects are commissioned within given time-lines.
- To boost the hydro power sector, CERC has insulated new hydro projects from shortfalls in generation resulting from hydrological factors for a period of 10 years after COD. If there is an energy shortfall the energy charge for the following year would be computed on the basis of actual power generated rather than designed power generation.
- For hydro plants Normative Annual Plant Availability Factor (NAPAF) fixed.
- Advance against depreciation removed.
- Depreciation rates to be calculated annually using straight line method as per Companies Act. The salvage value of assets fixed at 10%. After initial 12 years, the remaining depreciation to be spread over the rest of useful life of the asset.
- O&M expenses recoverable on normative basis for thermal and hydro plants. For transmission systems, O&M costs would be calculated by multiplying number of bays and Kilometers of line length with the benchmarks set for the year.
- The availability targets for thermal power plants raised from 80% to 85% to recover fixed costs.
- Incentives linked to plant availability factor instead of PLF for thermal plants.
- Normative auxiliary consumption reduced in certain unit sizes.
- Reduction in normative heat rate for units of 500 MW size
- Recovery of capacity charge, energy charge, transmission charge and incentives would be based on operational performance.
- The norm for secondary oil consumption reduced from 2 ml per unit to 1 ml per unit, the savings in secondary oil consumption are to be shared with the beneficiaries in the 50:50 ratio.
- Generation / Transmission project developer can retain 100% carbon credits in the first year following the date of commercial operation.
- Generation/Transmission companies can hedge foreign exchange exposure with respect to interest on foreign currency loans and repayment of loan. Recovery of the cost of hedging and foreign exchange variation to be made directly without any application to the CERC.

#### • Competitive bidding tariff guidelines amended

Ministry of Power in January 2005 issued guidelines for tariff determination through bidding for procurement of power by distribution licensees with an objective to facilitate transparency and fairness in the procurement process, facilitate reduction of information asymmetries for various bidders and protect consumer interest by facilitating competition. The guidelines have been recently amended to encourage sale of electricity outside the ambit of long term PPAs. Key highlights of amendment are:

1. Guidelines will be applicable for 15% of the new generating capacity which may be sold outside long term PPAs to promote market development.
2. Separate Request For Proposal (RFPs) to be invited for base load and peak load and seasonal load requirements.
3. Provision for multi-part tariff for procurement under Case 2 bidding.
4. Hydro power tariff can be determined by the SERC provided 60% of the total saleable energy is committed to a long term PPA.





### • **Amendment to short term inter-state open access regulations**

With the objective of streamlining and rationalizing inter-state open access, the following provisions have been made by CERC:

- In case the State Load Dispatch Centre does not give concurrence to an inter-state open access proposal in 7 working days on first occasion and 3 working days on subsequent occasion, the concurrence of the LDC shall be deemed to have been given.
- The State Load Dispatch Centres will check only two parameters i.e. availability of transmission capacity and availability of metering infrastructure.
- Open access customer can now request for change in schedule at notice of two days instead of the presently provided period of five days.
- The transmission charges for short-term open access have been rationalized.
- Charges on short-term open access will be disbursed directly to the long term customer by RLDC instead of routing the same through Central Transmission Utility.
- All disputes under inter-state access regulation to be decided by CERC.

### • **R-APDRP**

Accelerated Power Development and Reforms Programme (APDRP) was launched in X Plan by Govt. of India. This programme was modified and renamed as Restructured APDRP (R-APDRP) in 2007-08. The R-APDRP is linked to actual demonstrable performance in terms of AT&C loss reduction to 15% or less by the end of XI plan. Establishment of reliable automated systems for collection of accurate baseline data and the adoption of information technology in the areas of energy accounting are necessary preconditions for sanctioning of projects for strengthening and up-gradation of sub-transmission and distribution network. It also includes adoption of IT applications for meter reading, billing and collection, energy accounting and auditing, management information systems, redressal of consumer grievances and establishment of IT-enabled consumer service centres, besides asset mapping of the distribution network. Since its launch, the R-APDRP has made rapid headway and by February 2009, had sanctioned 599 projects in various towns and cities at a cost of Rs. 19.5 billion. Andhra Pradesh, Karnataka and Rajasthan together account for over 55 per cent of the total amount sanctioned so far.

AT&C losses are showing a declining trend and have come down from 38.86% in 2001-02 to 33.07% in 2006-07. (Source: Economic Survey 2008-09)

### • **Rural Electrification**

As per Central Electricity Authority (CEA), over 82% villages have been electrified. The Central Govt. launched a scheme "Rajiv Gandhi Grameen Vidyutikaran Yojana" (RGGVY) in April 2005 with the goal of electrifying all (around 125000) un-electrified villages and hamlets and providing access to electricity to all households in next five years. Under RGGVY, 59,882 villages have been electrified and connections to 53.78 lakh BPL households have been released up to 31.3.2009. (Source: Economic Survey 2008-09)

### • **100 days Agenda**

There has been a concerted effort to ensure that development in Power sector is not derailed. For the short term, a 100 days agenda has been drawn by MoP with a capacity addition target of 5,653 MW. Also, a high level committee /group has been set up to monitor ongoing projects and ensure their timely commissioning. Accordingly, your company also had drawn 100 days agenda which was part of overall plan of MoP for 100 days.

## **OPPORTUNITIES AND THREATS**

### **Continuity in Government agenda**

Energy security continues to be the focus area of new Govt. which is expected to maximise the potential of all energy sources - coal, gas, hydro and nuclear. There will be a higher thrust for achieving an installed capacity of over 2,00,000 MW and providing "Power for all" by 2012.

### **Enabling Legislation**

As discussed above, considerable impetus has been laid by Govt. of India to attract investment in power sector by developing a transparent and competitive legislative framework. 100% FDI is allowed in Generation, Transmission and Distribution segments. Government of India has allowed Income-Tax holiday for a block of consecutive 10 years in the first 15 years of operation. Further incentives from Government include waiver of duties on capital equipment under mega-power project policy.

### **Persisting Shortages**

Though there has been substantial growth in the power generation in the country, the demand is also increasing rapidly and as result the Indian Power sector continues to face shortages. While demand always outstrips the supply of power in India, during last year, even the base load deficit



has moved into double digit. The CAGR of demand for last 5 years is 6.80% as against CAGR of 5.88% for supply of electricity. The main reasons for increased demand of power consumption are:

- Rapid economic growth and faster industrialization.
- Increasing per capita income level and changing life style.
- More and more number of rural areas and remote villages getting access to electricity supply.

#### Need for Acceleration in capacity addition

As per Integrated Energy Policy issued by Planning Commission, the energy requirement considering 8% growth in GDP over next 23 years is as under:

Year	Installed Capacity Req. (GW)	Energy Req. (Billion Kwh)
2008-09*	147	735
2011-12	220	1097
2016-17	306	1524
2021-22	425	2118
2026-27	575	2886
2031-32	778	3880

Source: Integrated Energy Policy, Planning Commission

\* Actuals as per CEA

Even after the global meltdown, the Indian economy is growing steadily. For the last 5 years the average growth in GDP is 8.46%.

The Government of India has drawn a capacity addition target of 78,700 MW during XI Plan, on an average adding a capacity of over 15,000 MW per annum in the country. As against the target, 9,263 MW and 3,454 MW were added during 2007-08 and 2008-09 respectively. As per MOP, projects having an aggregate capacity of over 65,000 MW are under implementation.

#### Ultra Mega Power Projects

Recognizing the fact that economies of scale leading to cheaper power can be secured through large size power projects, Govt of India launched development of coal based Ultra Mega Power Projects (UMPPs), each with a capacity of 4000 MW or above under Public -Private Partnership mode. So far 4 such projects have been awarded namely Sasan in MP, Mundra in Gujarat, Krishnapatnam in AP and Tilaiya in Jharkhand. Two of these projects have linked coal mines while the other two are based on imported fuel.

#### Fuel Security Mechanism

During fiscal 2009, 66% of total power generation was from coal stations. Although the coal production of 493.20 Million Tonnes was higher by 8% over last year's production of 457.08 Million Tonnes, only 351.04 Million Tonnes was received by coal power stations in the country against coal linkage of 395 Million Tonnes. This shortage was partly made good by importing 60 Million Tonnes of coal during 2008-09. (Source: Economic Survey 2008-09)

Although India has total coal reserves estimated at 257 Billion Tonnes (proven reserves of around 99 Billion Tonnes, indicated reserves of 120 Billion Tonnes and balance inferred), the known coal reserves are expected to exhaust in about 45 years, assuming an annual growth in domestic production of 5% as per Integrated Energy Policy issued by Planning Commission. Going forward, coal will remain the main stay for power generation in India. However, it would be a challenge to diversify the fuel basket to reduce uncertainties of supply of energy.

India is endowed with an estimated hydro power potential of more than 150,000 MW. However, installed capacity of hydro electric projects is only 36,878 MW contributing to only 24.9% of the fuel basket. Hydro- electric power contributed 15.62% of total generation during last fiscal. The share in generation is low since hydro projects are dependent on the rain fall and are used exclusively to meet peaking demand. The hydroelectric potential has been given thrust by Government of India by launching New Hydro Power Policy 2008 offering incentives to investors in order to increase the installed capacity of hydro projects to over 50,000 MW by 2012. There are 40 hydro projects with an aggregate capacity of 13,085 MW under construction. Private sector participation has been increasing; there are 11 schemes undertaken by private companies with an installed capacity of 4,111 MW under construction. (Source: Economic Survey 2008-09)

Gas based power stations accounted for 10% of nation's capacity during last fiscal. It is expected to retain its share by adding 6,843 MW during XI plan. The total proven and indicative reserves of natural gas at the end of 2007 were estimated at 1060 million cubic meters. During 2008-09, total gas production was 90 MMSCMD. In addition around 30 MMSCMD of LNG was imported (source MoPNG). The supply is expected to increase to 200 MMSCMD by 2012 mainly due to participation by private sector players. The improved gas supply is however limited by the infrastructure available for transmission and distribution. The gas transmission network is around 9500 kms (GAIL accounting for 7000 kms, 1375 kms owned by RGTIL and 1130 owned by GSPL) as on 31.3.2009 and is mainly concentrated in Western and North Western India.

## Health of customers

The average electricity tariffs are lower than the average cost of supply (cost of generation plus T&D costs). T&D losses represent the difference in the amount of electricity supplied and the amount actually metered. High T&D losses are also attributed to the transmission and distribution of a large amount of power at low voltage. The gap between average tariff and average cost of supply, which was historically high, has declined to around 49 paisa per kWh in 2006-07.

The main reason for this high gap is the increasing annual losses of SEBs on account of inadequate metering and theft of electricity. The tariffs for agricultural and domestic consumers is subsidised in most states. To compensate for this, most states charge much higher tariffs to commercial and industrial consumers. Even after the enactment of EA 2003, only 16 SEBs have unbundled so far and they continue to work under administrative control of respective State Governments. Cross subsidisation of tariff remains an issue impacting the financial health of SEBs.

While some progress has been made on account of metering, agriculture segment lags behind with less than 40% of consumers being metered. There are about 150 million electricity consumers in India with domestic consumers having the largest share of 79% followed by commercial segment at 10%, agriculture at 8%, industrial segment at 1% and balance 2% is represented by others, such as railway traction etc.

## Development of Renewable Energy Sources (RES) for generation of power

RES of 13,242 MW accounting for 9% of total installed capacity, is targeted to grow to over 24,300 MW contributing to 11% of fuel basket by 2012. Over the longer term, its importance would be more strategic in view of its important role in mitigating the effects of climate change. It is imperative for India to build a certain level of self-reliance in renewable technologies of the future. The Government, in its quest for long-term energy and environmental security, is seeking to enhance the share of power from renewable sources in the overall fuel basket. India has potential for 45,000 - 65,000 MW of on shore wind power. 70% of renewable energy is contributed by wind power generation. During past one year, solar energy, which currently contributes a little over 2 MW to the grid, received a significant boost with the National Action Plan for Climate Change mandating the setting up of a National Solar Mission. The mission is targeting 20,000 MW of solar based capacity by 2020.

The steps taken by Govt. for increasing generation from renewable energy resources are:

- EA 2003 requires SERCs to specify a percentage for

purchase of electricity from cogeneration or renewable sources termed as Renewable Purchase Obligation (RPO). SERCs in 12 States have already specified the percentage - Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Orissa, Rajasthan, Tamil Nadu, Kerala, Haryana, Maharashtra, Uttar Pradesh and West Bengal. (Source: Ministry of New and Renewable Energy)

- Tariff Policy provides for competitive bidding for procurement of power from such sources - bidding to be done amongst suppliers offering power from same type of renewable source.
- Procurement of power at preferential tariffs to be allowed by SERC.
- Special scheme by MNRE for promoting solar power and plans for Generation Based Incentives under National Solar Mission.
- CERC is in the process of finalization of regulations for sale of power generated based on RES.

## Problems faced for development of RES

- Power generation from renewables increases the uncertainty in accurate availability of power which in turn affects grid reliability and operations.
- The developer of renewable generation has to provide for transmission line for power evacuation from the plant to the nearest HT Sub-station unlike conventional plants where transmission utility evacuates power.
- The PPA for renewables requires the developer to guarantee the supply of a certain quantity of electricity. However, it does not require the transmission utility to provide any guarantee for grid availability.
- The wind generation requires back-up capacity between the forecast and actual generation posing difficulty in open access and scheduling the power.

Wind energy has separate grid codes in major wind based power generating countries. A draft grid code is under development for wind power.

## OUTLOOK

Power sector in India is experiencing continuous growth in line with growth of Indian economy. The fuel mix is getting further diversified with more power generation expected from gas, nuclear and RES. Achieving Energy Security is a step towards achieving self-reliance in energy sector.

The main objective of India's energy security programme would be:

- To reduce uncertainties of supply of energy.
- To reduce price vulnerability.





- Minimize the risk of non-availability of energy sources during emergency situations.
- Minimize the risks arising out of equipment failures.

As regards enhancing fuel security, Govt. has taken measures such as allotting coal mines to power generating companies in Central sector, State sector and Private sector companies, paving way for appointment of a Coal Regulator, allowing 100 % FDI in coal mining for captive purpose to power companies and creating a SPV for acquiring coal assets abroad with an equity base of Rs. 35,000 million.

In order to reduce supply risk, Govt. has already initiated bulk ordering of capital equipment for 11 units with a stipulation that selected contractors would set up manufacturing facility in India resulting in transfer of technology.

We attempt to give some more details concerning certain aspects of the sector and the Company by way of information and analysis.

#### NTPC VIS-A-VIS ALL INDIA

With approximately 20% of capacity, your Company contributes to around 29% of nation's generation.

	All India	NTPC	% share
Capacity (MW)	147,965	27,850	18.82%
Generation (MU)	723,794	206,939	28.59%
Capacity incl. JVs (MW)	147,965	30,144	20.37%
Generation incl. JVs (MU)	723,794	212,539	29.36%

Source: All India Data - CEA's executive summary

Your Company is 25th largest amongst listed global utilities as per Forbes Global 2000 ranking published in the year 2009. It is also ranked as fourth amongst Asian utilities after Korea Electric Power Company, Korea, Kansai Electric Power, Japan and Chubu Electric Power, Japan and also as 317<sup>th</sup> largest company in the world by Forbes Global 2000.

Over the last fiscal, operationally NTPC stations performed better than collective performance of any other sector.

#### PLF COMPARISON (%)

	2008-09	2007-08	Increase
Central sector	84.30	86.74	-2.44
State sector	71.17	71.89	-0.72
Pvt sector	91.01	90.77	0.24
National avg.	77.19	78.61	-1.42
NTPC	91.14	92.24	-1.10

After excluding your Company's PLF, national average PLF will reduce to 72.23% approximately during fiscal 2009 as compared to 73.60% approximately during last fiscal.

National Availability Factor for coal stations was 85.04% during fiscal 2009 as compared to 84.76% last year. As against national AVF, your Company's coal stations had AVF of 92.23% during fiscal 2009 as compared to 93.86% last year.

#### COMPETITION

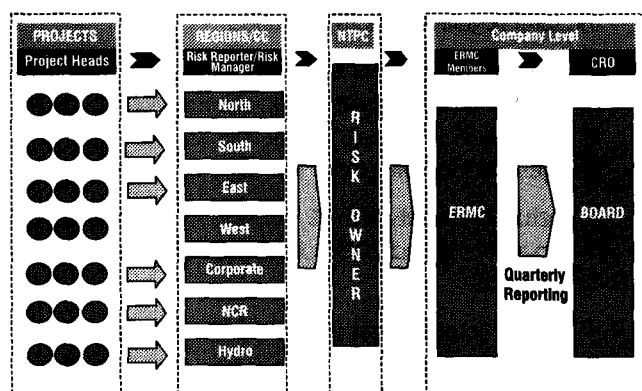
Being the largest power generating company in the country with market share of 20% in terms of installed capacity and about 29% in terms of national generation, your Company is a dominant player in the field of generation. The entity with the next largest market share of 7.14% is Maharashtra State Generating Co. which has an installed capacity of 10,563 MW. With the capacity expansion plans in place, your Company is poised to retain its leadership position in future as well even though the competition may increase due to enhanced investments in the sector ushered by reforms.

#### RISKS AND CONCERNS

The Company has to sustain its leadership position in the country by growing at a CAGR of 10.59% till 2017 and at the same time improve its operational efficiency to continue to generate at high PLF minimizing the outages. In order to reduce dependence on conventional fuel, the Company is foraying into hydro, nuclear and non-conventional energy sources. As a step in backward integration, the Company is entering into coal mining business and also LNG value chain.

The strategies adopted to achieve above activities make us susceptible to various risks. We have taken adequate measures to address such concerns by developing adequate systems and practices. In order to institutionalize the risk management in the Company, an elaborate Enterprise wide Risk Management framework is being finalized. As part of the implementation of ERM framework, an Enterprise Risk Management Committee (ERMC) with various Executive Directors as its members, has been constituted with an objective to review & strengthen the risk management framework. Enterprise risk management committee after deliberations has identified enterprise wide risk and various action plans for short term as well as long term are being formulated to mitigate these risks.

### Overall flow of risk information



### INTERNAL CONTROL

Your Company has robust internal systems and processes in place for smooth and efficient conduct of business. Your Company complies with relevant laws and regulations. Suitable delegation of power and also the guidelines for preparation of accounts have been issued for uniform compliance. In order to ensure that all checks and balances are in place and all internal control systems are in order, regular and exhaustive internal audits are conducted by experienced firms of Chartered Accountants in close co-ordination with Company's own Internal Audit Department. Besides, the Company has two Committees of the Board viz. Audit Committee and Committee on Management Controls to keep a close watch on compliance with Internal Control Systems.

During last fiscal, a well defined Internal Control Framework has been developed identifying key controls and supervision of operational efficiency of designed key controls by Internal Audit. The framework is presently under implementation phase and is aimed at providing elaborate system of checks and balances based on self assessment as well as audit of controls conducted by Internal Audit at process level. The system will facilitate identification of gaps, if any, under design or operational phase and reporting of the same to Audit Committee. The CEO/CFO certification on adequacy of Internal Control will be based on this system.



This will go a long way in reinforcing the commitment to adopt best corporate governance practices in respect of internal controls over financial reporting.

### FINANCIAL DISCUSSION AND ANALYSIS

A detailed financial discussion and analysis is furnished below on Reported Audited Financial Statements and Adjusted Profit. The Adjusted Profit has been arrived at after adjustments on account of one-off items/extra ordinary items

which have been indicated against each broad category of revenue and expense to explain better the YoY performance.

### A Results of Operations

#### 1 Gross Income

	Fiscal 2009	Fiscal 2008	% Change
Units of electricity sold (million units)	193688	187988	3.03%
<b>Income Amount in Rs. Million</b>			
Energy Sales (Excl Electricity Duty)	417,913	369,462	13.11%
Energy Internally Consumed	514	409	25.67%
Consultancy & other services	1,325	1,039	27.53%
Other income (excluding income related to OTSS*)	21,330	16,242	31.33%
Income related to OTSS *	11,476	12,961	-11.46%
<b>Gross Income</b>	<b>452,558</b>	<b>400,113</b>	<b>13.11%</b>

\*OTSS-One Time Settlement Scheme

The gross income of the Company comprises of income from sale of electricity, consultancy and other services, and interest earned on investments such as term deposits and bonds (issued under one-time-settlement scheme). The gross income for fiscal 2009 is Rs.452,558 million as against Rs.400,113 million in the previous year registering an increase of 13%. This gross income excludes provisions written back. Each element of income is discussed below.

#### 1.1 Sale of Electricity

Your Company sells electricity to bulk customers comprising, mainly, electricity utilities owned by State Governments. Sale of electricity is made pursuant to long-term power purchase agreements entered into for 25 years in case of most of our coal-fired plants and for 15 years in case of most of gas-fired plants in line with the estimated average life of the plants. The agreements are renewed or extended upon expiry of the initial term.

Income from sale of electricity for the fiscal 2009 was Rs.417,913 million which constituted 92% of the gross income. The income from sale of electricity has increased by 13% over the previous year's income of Rs. 369,462 million partly due to increase in fuel cost which is a pass through and partly due to a 3.03%

increase in units sold as a result of increase in the commercial capacity by 2000 MW comprising two units of 500 MW each of Sipat Stage-II and Kahalgaon Stage II. Sale of electricity is also higher on account of one unit of Vindhyachal-III (500 MW), which was in commercial operation for the entire fiscal 2009 as compared to part of fiscal 2008. In line with tariff regulations, income from sale of electricity also includes the actual tax payments in respect of generation business recoverable from the customers amounting to Rs.7,583 million for fiscal 2009 as against Rs.22,761 million for the last fiscal. The reduction in tax recoverable from customers is primarily due to receipt of income tax refund amounting to Rs.13,953 million pertaining to previous years received during fiscal 2009, of which Rs.11,553 million is payable to customers. If the income tax recoverable from beneficiaries is excluded from income from sale of electricity, it has increased by 18% over last fiscal.

The average selling price this year has increased to Rs. 2.12 per unit compared to Rs. 1.84 per unit in the previous year. The increase is mainly due to increase in variable charges on account of fuel and partly due to increase in fixed charges. The average tariff includes adjustments pertaining to previous years. Excluding adjustment of sales pertaining to previous period, the average selling price would be Rs. 2.07 per unit in the current year as against Rs. 1.79 per unit in the previous year.

There has been 100% realization of the dues during the last six years. All the beneficiaries have opened and are maintaining Letter of Credit equal to or more than 105% of average monthly billing as per One-Time Settlement Scheme. In order to ensure prompt and early payment of bills for supply of energy to beneficiaries, your company has formulated an innovative Rebate Scheme by way of providing graded incentive for early payment based on the provisional bill raised on the last working day of the month. This has resulted in realization of nearly 66% of the energy bill within a week of presentation of bill for the month.

### **Tariffs**

The charges for electricity are based on tariff rates determined by the CERC. The tariff rates consist of a fixed charge which is recoverable based on plant availability, variable charges on account of fuel costs and an unscheduled interchange charge for the deviation in generation with respect to schedule payable (or receivable) at rates linked to frequency prescribed in the regulation to bring grid discipline. The CERC sets

tariff rates on a plant-by-plant basis in accordance with the tariff regulations/norms notified by them.

Since April 1, 2004, our tariffs are determined pursuant to the CERC's tariff regulations applicable for fiscal 2005 to fiscal 2009. The significant elements of the fixed charges permissible under the regulations are:

- Return on equity at 14%, on a post-tax basis based on a prescribed 70:30 debt to equity ratio for new projects.
- Actual interest cost incurred on normative debt.
- Interest on working capital determined on a normative basis.
- Depreciation on plant and machinery calculated at 3.6% for coal based stations and 6% for gas based stations.
- Normative operation and maintenance costs determined by the CERC based on size of unit, on a per megawatt basis.

Variable charges for the electricity sold are determined on the basis of landed cost of fuel applied on the quantity of fuel consumption derived on the basis of norms for heat rate, auxiliary consumption, specific oil consumption etc.

Besides the fixed capacity charges and the variable charges, the other elements of tariff are:

- Incentives payable at the rate of Rs. 0.25 per unit for operating plants at PLF of more than 80%.
- Exchange rate variations as per Regulations.
- The unscheduled interchange charge payable (or receivable) at rates prescribed in the Regulations.
- Taxes related to income arising from the generation activities of the Company are recoverable from the customers.

Tariff for all the stations is based on orders issued by CERC. Final tariff orders have been issued for Vindhyachal-III and Unchahar-III, during the fiscal 2009. For the rest of the stations tariff orders were issued prior to fiscal 2009.

CERC has issued new Tariff Regulations for the period 2009-14, which is a balanced regulation for both consumers and investors.

### **Provisional Tariffs**

In case of stations where CERC has not yet fixed the





final tariff, revenues are booked based on the assessment of the likely final tariff based on the CERC regulations. When CERC fixes the final tariff for these stations, adjustments are made to revenues on the basis of the final order to the extent of the difference between the provisionally booked revenues and the revenues based on the tariffs determined by CERC.

CERC is yet to issue final tariff orders in respect of two stations, namely, unit 1 and 2 each of Sipat-II and Kahalgaon-II. Accordingly, sales of Rs.13,172 million for fiscal 2009 relating to these units/stations have been recognized on provisional basis (explained in note 2(a) of Note on Accounts, Schedule-26). In addition sales of Rs. 14,402 million in respect of Badarpur Thermal Power Station has been provisionally recognized on the basis of principles enunciated under CERC Regulations, 2004. (explained in note 2(c) of Note on Accounts, Schedule-26).

Rs Million

	Fiscal 2009	Fiscal 2008
Interest for the year on tax free bonds /Loan to State Govt.	11,476	12,961
Income on investment of surplus cash	16,270	14,136
Dividend from JVs and Subsidiaries/Interest from subsidiaries	180	110
Income earned on other heads such as hire charges, profit on disposal of assets, etc	3,705	2,391
Interest on income tax refunds (non-recurring)	2,199	-
<b>Total</b>	<b>33,830</b>	<b>29,598</b>
Less: Transfer to EDC/ development of coal mines	414	395
Less: Transfer to Deferred Foreign Currency Fluctuation Liability	610	
<b>Net other income</b>	<b>32,806</b>	<b>29,203</b>

## 1.2 Energy Internally Consumed

Energy internally consumed relates to own consumption of power for construction works at station(s), township power consumption etc. It is valued at variable cost of generation and is shown in sales with a debit to respective expense head under power charges. The increase in energy internally consumed by 26% is commensurate with increase in fuel charges over the previous year.

## 1.3 Consultancy and other services

Accredited with an ISO 9001:2000 certification, the Consultancy Division of your Company undertakes the consultancy and turnkey project contracts for domestic and international clients in the different phases of power plants viz engineering, project management, construction management, operation and maintenance of power plants.

During the year, Consultancy Division posted an income of Rs 1,325 million as against Rs. 1,039 million achieved in the last fiscal. In the fiscal 2009, it has recorded a profit of Rs. 452 million as against Rs. 368 million in the last fiscal. A total of 53 orders valued at Rs 1,888 million were secured by the Division during the year including 7 overseas assignments of Rs 40 million.

## 1.4 Other Income

'Other income' in fiscal 2009 was Rs. 32,806 million as compared to Rs. 29,203 million in the fiscal 2008. Broadly the break up of other income is as under:

'Other income' mainly comprises of income from bonds issued under One Time Settlement Scheme (OTSS), income from investment of surplus cash, dividend on equity investment in joint ventures & subsidiaries and miscellaneous income.

Interest income from OTSS bonds for fiscal 2009 is Rs.11,476 million as compared to Rs. 12,961 million in fiscal 2008. The reduction in interest income to the extent of Rs.1,485 million is due to redemption of OTSS bonds amounting to Rs.16,515 million. This reduction in interest income on OTSS bonds is partially offset by increase in income of Rs.2,134 million earned on account of investments made from surplus cash. The income on investment of surplus cash has registered a 15% increase over last fiscal. The income on investment of surplus cash also includes dividend earned from mutual fund investments amounting to Rs.361 million.

We have earned Rs.138 million as dividend from our investments in joint venture and subsidiary companies. Another Rs.42 million has been earned as interest from loan of Rs.300 million extended to Kanti Bijlee Utpadan Nigam Limited, one of our subsidiaries. Further, an amount of Rs.3,705 million has been earned from various other sources such as hire charges, profit on disposal of assets, interest on loans to joint venture company etc. as compared to Rs.2,391 million earned in the last fiscal,

registering an increase of 55%. The increase is mainly due to increase in interest received from customers as per CERC regulations. This also includes interest of Rs.920 million earned during the current year from loan of Rs.1,700 million extended to Ratnagiri Gas and Power Private Ltd., a joint venture company.

Commissioner of Income Tax (Appeals) had issued a favourable decision on certain issues relating to previous years consequent to which net tax refund of Rs.2,400 million has become payable to your company and the interest earned on this refund amounting to Rs.2,199 million has been accounted under "other income" for fiscal 2009.

### 1.5 Adjusted Gross Income

The gross income reported for the year includes certain revenues pertaining to previous years. The revenues from sale of electricity for the fiscal 2009 include Rs.10,201 million pertaining to previous years which have been recognized in sales based on the orders of the CERC /Appellate Tribunal (explained in note 2(d) of Note on Accounts, Schedule-26). Similarly, for fiscal 2008, an amount of Rs.11,336 million pertaining to previous years was included in the sales.

As per CERC Tariff Regulations, 2004 exchange rate variation on interest payments and loan repayments corresponding to the normative loans considered for tariff of stations/units is payable/ recoverable to/from the beneficiaries on repayment of the loans and interest thereon. Pursuant to opinion of Expert Advisory Committee of the ICAI, foreign exchange variation on restatement of foreign currency loans as at the Balance Sheet date which is payable/recoverable to/from customers later on settlement is accounted for by creating a deferred liability/asset in the accounts instead of adjusting the same in the profit & loss account. Such exchange differences recoverable from customers amounting to Rs.1,894 million were accounted in the sales during fiscal 2009 as against Rs. 250 million accounted in previous year.

The gross income of the company after such adjustments is as under:

	Rs Million	
	Fiscal 2009	Fiscal 2008
Gross Income	452,558	400,113
Less:		
Sales of previous years	10,201	11,336
Exchange Fluctuation receivable from customers	1,894	250
Interest on income tax refunds	2,199	-
<b>Adjusted Gross Income</b>	<b>438,264</b>	<b>388,527</b>

## 2 Expenditure

### 2.1 Expenditure related to operations

Rs.Million

Expenditures	Fiscal 2009	Rs per kwh	Fiscal 2008	Rs per kwh
Commercial Generation -MU	206156		200280	
Fuel	271,107	1.32	220,202	1.10
Employees' remuneration and benefits	24,631	0.12	18,960	0.10
Generation, administration and other expenses	18,192	0.09	16,284	0.08
<b>Total</b>	<b>313,930</b>	<b>1.53</b>	<b>255,446</b>	<b>1.28</b>

The expenditure incurred on fuel, employees, generation, administration and other expenses for the fiscal 2009 was Rs.313,930 million which is 23% more than the expenditure of Rs.255,446 million incurred during the previous year. In terms of expenses per unit of power produced, it was Rs. 1.53 per unit in fiscal 2009 in comparison to Rs. 1.28 per unit in the previous year. This increase is mainly due to increase in imported coal consumption and also increase in transportation cost of coal. The increase in commercial generation due to additional capitalization has resulted in an additional operational expenditure of Rs.10,764 million. A discussion on each of these components is given below.

#### 2.1.1 Fuel

Expenditure on fuel constituted 86% of the total expenditure relating to operations, same as in previous year. Expenditure on fuel was Rs.271,107 million in fiscal 2009 in comparison to Rs. 220,202 million in fiscal 2008 representing an increase of 23%.The break-up of fuel cost in percentage terms is as under:

	Fiscal 2009	Fiscal 2008
<b>Fuel cost (Rs./million)</b>	<b>271,107</b>	<b>220,202</b>
% break-up		
Coal	70%	70%
Gas	15%	17%
Oil	10%	8%
Naphtha	5%	5%

The higher fuel expenses were mainly due to increase in fuel prices. Coal India Limited (CIL) had increased

the price of coal from December 13, 2007 by about 10%. This increase was reflected only for last quarter during fiscal 2008 while increase is reflected for full year during fiscal 2009. There has also been increase in the price of gas and oil during fiscal 2009. Fuel cost per unit generated increased to Rs.1.32 in fiscal 2009 from Rs. 1.10 in fiscal 2008. The increase in fuel cost due to addition of commercial capacity is Rs. 9,249 million.

The power plants of the company use Coal and natural gas as the primary fuels. The oil is used as a secondary fuel for coal-fired plants and naphtha as an alternate fuel in gas-fired plants. Under the tariff norms set by the CERC, your Company is allowed to pass on fuel charges through the tariff, provided the company meets certain operating parameters. The company purchases coal under the long term coal supply agreements with subsidiaries of Coal India Limited (CIL) and with Singareni Collieries Company Limited. A model Coal Supply Agreement (CSA) has been signed with CIL on May 29, 2009 which is valid for 20 years with a provision for review after every 5 years.

In an effort to encourage coal companies to supply Annual Contracted Quantity (ACQ), new CSA provides for incentive payments as a percentage of Weighted Average base price of coal in the following three slabs:

Supplies in the range of	Rate of Incentive
90%-95% of the ACQ	10%
95%-100% of the ACQ	20%
Supplies exceeding ACQ	40%

CSA also contains clauses of penalty for under supply/ under off-take by coal companies and power plants respectively. The price and other charges for coal, as per new CSA, will be as notified by CIL for its subsidiary companies from time to time.

Separate CSAs have to be signed by each station with the respective subsidiaries of CIL. Six stations have signed CSAs with CIL subsidiaries in line with model CSA till July 27, 2009.

During the fiscal 2009, coal based stations consumed 129.49 Million Tonnes of coal as against 123.96 Million Tonnes in the fiscal 2008. This was including 4.71 Million Tonnes of coal which was imported as compared to 2.63 Million Tonnes imported in fiscal 2008.

The company sources gas domestically under an administered price and supply regime. The main gas supplier is GAIL. Gas prices are fixed by the Ministry of Petroleum and Natural Gas. 10.76 Million Metric Standard Cubic Meters per Day (MMSCMD) of gas was

received during the fiscal 2009 as against 11.80 MMSCMD received in fiscal 2008. This includes 2.08 MMSCMD of spot gas and fall back RLNG as compared to 2.81 MMSCMD of spot gas last year. The reduction in the supply of APM/PMT gas was on account of shutdown of the ONGC platforms in June 08, Jan 09 and March 09. Further, due to high prices of spot RLNG till July 08, there were fewer schedules received from the beneficiaries on RLNG. Further, since October 08 onwards, there was a fall in crude oil prices resulting in Naphtha price becoming cheaper than Spot RLNG. Accordingly, liquid fuel consumption at the stations increased due to higher scheduling by the beneficiaries on Naphtha as it was cheaper.

To meet the shortfall in supply of Natural Gas from GAIL, the Company sought supplies of RLNG on limited tender basis from all the known gas suppliers in the country. These supplies are being contracted on best effort basis with no penalty either on the supplier or the buyer for supplies not offered / not off taken. During fiscal 2009, supplies to the extent of 730.05 MMSCM were received from the various suppliers. Further, supplies were also received from IOCL on "fall back" basis to the extent of 10.62 MMSCM. Thus, the total consumption of RLNG during the year was 740.67 MMSCM.

Rajiv Gandhi Combined Cycle Power Project (RGCPP), Kerala generates power on naphtha as no gas supply is available. Besides RGCPP, other gas based stations also used Naphtha depending upon the demand from customers and schedule from load dispatch centres. During the fiscal 2009, 0.923 million MTs of naphtha was consumed as against 0.683 million MTs in the previous year.

## 2.1.2 Employees' Remuneration and Benefits

Employees' remuneration and other benefits have increased by 30% from Rs. 18,960 million in fiscal 2008 to Rs.24,631 million in fiscal 2009. Employees' remuneration and benefits expenses include salaries and wages, bonuses, allowances, benefits, contribution to provident and other funds and welfare expenses. These expenses account for approximately 8% of our operational expenditure in fiscal 2009 as compared to 7% in fiscal 2008.

The primary reason for increase in employee cost is the increase in provision made for pay revision of the employees of the Company which is due w.e.f. 1st January 2007. Pending implementation of pay revision, provision of Rs.5,342 million has been updated for fiscal 2009 as compared to a provision of Rs.4,094 million for fiscal 2008 towards wage revision on an estimated basis





having regard to the guidelines issued by Department of Public Enterprises, GOI. Out of the total wage provision of Rs. 5,342 million, an amount of Rs. 3,142 million has been paid as ad-hoc advance towards pay revision (explained in note 5 of Note on Accounts, Schedule-26).

On acceptance of recommendation of 2<sup>nd</sup> pay revision committee by the Govt of India increasing the ceiling of gratuity payment to Rs. 1 million from Rs. 0.35 million for an employee, during fiscal 2009, an amount of Rs.4,837 million has been recognized as expense for gratuity/pension as compared to Rs.572 million last fiscal (explained in note 16 of Note on Accounts, Schedule-26). The balance increase includes additional incentives and other related benefits to employees along with normal annual increase in employee remuneration and benefits. This resulted in an increase in the employee cost per unit of generation from Rs.0.10 in the previous fiscal to Rs.0.12 in the current fiscal. The increase in employee cost due to additional commercial capacity is Rs.868 million.

### 2.1.3 Generation, Administration and Other Expenses

Generation, administration and other expenses consist primarily of repair and maintenance of buildings, plant and machinery, power and water charges, security, insurance, training and recruitment expenses and expenses for travel and communication. These expenses represent approximately 6% of our operational expenditure in fiscal 2009, same as in fiscal 2008. In absolute terms, these expenses increased to Rs.18,192 million in fiscal 2009 from Rs. 16,284 million in fiscal 2008 registering a hike of 12%. In term of expenses per unit of generation, it was Rs. 0.09 in fiscal 2009 as compared to Rs. 0.08 in previous fiscal. An amount of Rs. 647 million out of the above of Rs.1,908 million increase is attributable to addition of commercial capacity during fiscal 2009.

Repair & Maintenance expenses constitute 60% of total Generation, Administration and Other Expenses and have increased to Rs. 10,992 million from Rs. 10,255 million resulting in an increase of 7%.

The other increase in generation & administration expenses is mainly attributable to increase in miscellaneous expenses. The miscellaneous expenses have increased to Rs.1,027 million in fiscal 2009 from Rs. 477 million mainly due to Rs.531 million on account of arbitration award issued against the Company for one of our gas projects.

### 2.1.4 Adjusted Expenditure related to Operations

The expenses pertaining to employees remuneration &

benefits and generation, administration and other expenses incurred at Corporate Centre (CC)/ Regional Headquarters/T&CC offices and which are common to operation and construction activities were hitherto allocated to Profit & Loss A/c and Incidental Expenditure during Construction (IEDC) in proportion of sales to annual capital outlay in the case of Corporate Office and sales to accretion to capital work-in-progress in the case of projects. Such CC expenses allocated to projects along-with expenses of the projects treated as IEDC were included in the cost of the related assets. This treatment of IEDC was as per the provisions of Accounting Standard (AS) 10 on 'Accounting for Fixed Assets' notified under the Companies (Accounting Standards) Rules, 2006 and the 'Guidance Note on Treatment of Expenditure during Construction Period' issued by the ICAI. During the fiscal 2009, due to withdrawal of the 'Guidance Note on Treatment of Expenditure during Construction Period' by the ICAI, your Company has modified accounting policy in relation to 'Treatment of Expenditure during Construction Period'. The administration and general overhead expenses directly attributable to construction of fixed assets at the corporate office and construction projects were allocated on a systematic basis and included the same in the cost of related assets and shown in the Schedule no. 25 renamed as 'Expenditure During Construction Period (Net)'. Thus profit for the fiscal 2009 are lower by Rs. 733 million due to reduced capitalization of expenses by lower transfer to EDC (explained in note 13b of Note on Accounts, Schedule-26).

If the impact of wage revision is adjusted, the operational expenditure for the fiscal 2009 and fiscal 2008 would be as follows:

Rs Million

	Fiscal 2009	Fiscal 2008
Total Expenditure related to Operations	313,930	255,446
Less:		
Wage revision provision/ Pension /Gratuity	9,579	5,506
Additional Incentive provision	1,047	2,590
Provision on account of arbitration award	531	
Impact due to withdrawal of guidance note on IEDC	733	
Adjusted Expenditure related to Operations	302,040	247,350

## 2.2 Depreciation

As per the accounting policy of the Company, depreciation is charged on straight line method as per the rates given in the schedule set forth in the Companies Act, 1956 except for some items for which depreciation at higher rates is charged (please refer to Accounting Policy no. 12.2.1).

The depreciation charged to the profit and loss account during the year was Rs. 23,645 million as compared to Rs. 21,385 million in fiscal 2008, registering an increase of 11%. This is due to increase in gross block by Rs.89,850 million i.e. from Rs.533,680 million in the previous fiscal to Rs. 623,530 million in the current fiscal. The increase in gross block is largely on account of increase in commercial capacity by 2000 MW resulting in additional capitalization amounting to Rs. 68,987 million. Further, one 500 MW unit of Vindhyachal-III was declared commercial on July 15, 2007 with the result that while for previous year, depreciation was charged for 9 months, it has been charged for the entire fiscal 2009. The impact on depreciation for additional capitalization during the fiscal 2009 is Rs. 2,391 million which is partly offset due to reduced depreciation for older stations.

## 2.3 Provisions made (and written back)

During the fiscal 2009, the Company had made provisions amounting to Rs. 246 million in comparison to Rs.71 million provided for in fiscal 2008. The provisions were made mainly in respect of doubtful advances and claims, obsolescence /diminution in value of surplus stores and for other items. The increase in provision is mainly attributable to diminution in value of surplus items of inventory. During the fiscal 2009, the Company had also written back provisions made in earlier years amounting to Rs. 170 million in comparison to Rs. 64 million of provisions written back in fiscal 2008. During the fiscal 2009, write back is on account of receipt of Rs. 142 million in lieu of settlement of dues with M/s Gridco, Orissa in respect of taken over Talcher thermal power project.

## 2.4 Interest and Finance Charges

The interest and finance charges for the fiscal 2009 were Rs. 20,229 million in comparison to Rs. 17,981 million in fiscal 2008. The details of interest and finance charges are tabulated below:

Rs. Million

	Fiscal 2009	Fiscal 2008
<b>Interest Charges:</b>		
Interest on borrowings	21,532	17,679
Others	701	174
<b>Total Interest charges</b>	<b>22,233</b>	<b>17,853</b>
Finance Charges	7,902	8,198
<b>Total</b>	<b>30,135</b>	<b>26,051</b>
<b>Less: Adjustments and transfers</b>		
Exchange differences regarded as adjustment to interest costs	(2,688)	1,255
Transfer to Foreign Currency Fluctuation Asset	342	
Interest charges capitalised	12,171	6,286
Finance charges capitalised	81	529
<b>Interest and finance charges capitalised</b>	<b>12,252</b>	<b>6,815</b>
<b>Net interest and finance charges</b>	<b>20,229</b>	<b>17,981</b>

Interest amount on long term borrowings (including Interest during Construction) has increased by 22% over last fiscal due to increase in long term borrowings during the year by Rs. 73,914 million. However our average cost of borrowing has reduced to 7.16% in fiscal 2009 from 7.22 % in previous fiscal due to your company's ability to raise loans at competitive rates from domestic as well international sources. During fiscal 2009, the debt utilized by the Company had more proportion of foreign loans carrying lower rates of interest as compared to interest payable on domestic loans. Our borrowings are denominated in Rupees and foreign currencies.

The exchange differences in respect of overseas borrowings relating to fixed assets/capital work-in-progress are treated in accordance with provisions of Accounting Standard (AS) 11 issued by ICAI based on guidelines issued by Companies (Accounting Standards) Rules, 2006 issued by National Advisory Committee on Accounting Standards from time to time. Out of this, the exchange differences in respect of assets during the period of construction /renovation and modernisation are capitalized by transfer to EDC.

During the fiscal 2009, an unfavourable exchange rate variation treated as adjustment to interest costs amounting to Rs. 2,688 million increased the interest expenses while an amount of Rs. 1,255 million was reduced from interest expenses in fiscal 2008. The reason

for adverse amount of exchange rate variation is appreciation in the currencies of all our foreign denominated loans against Indian rupee namely, US dollar by 28%, Japanese yen by 31% and Euro by 8%. The USD, Japanese yen and Euro denominated loans contributed to about 67%, 29% and 4% respectively in the loan basket at the end of fiscal 2009 as compared to 67% and 32% in previous fiscal. The component of Euro has increased due to Euro denominated drawdowns made from loan extended by NIB during the year.

Interest charges (others) also include Rs. 538 million towards interest cost on account of award issued by the Arbitration Tribunal for one of our Gas Project.

The finance charges have decreased by 4% from Rs. 8,198 million in fiscal 2008 to Rs. 7,902 million in fiscal 2009. The reduction is mainly due to decrease in rebate payable to customers as per the Rebate Scheme of the company from Rs. 7,203 million in previous fiscal to Rs. 6,700 million in current fiscal. In order to secure 100% realization of amounts billed, the Company had introduced a revised incentive scheme in 2008-09. The current Rebate Scheme provides for a rebate of 2.25% on the amounts credited to the Company's account on the first day of the month which gets reduced by 0.05% for each day's delay upto the 5<sup>th</sup> day of the month provided that entire amount is credited to the Company's account. Beyond 5<sup>th</sup> day, 2% rebate is allowed for credit to Company's account which gets progressively reduced to nil after 30 days. However, the Customer Reward of 0.75% of the outstanding Bond amount issued under One Time Settlement Scheme, which was paid during last fiscal, has been discontinued in the new Scheme.

For the fiscal 2009, an amount of Rs. 12,252 million relating to interest and finance charges of projects under construction was capitalized while the corresponding amount for the previous year was Rs. 6,815 million. However, if the impact of exchange difference is excluded, the interest and finance charge capitalized is Rs. 11,441 million as against Rs. 8,734 million last year registering an increase of 31%. This is due to deployment of debt in 15 projects where construction is in progress. During fiscal 2009, an amount of Rs. 342 million has been transferred to Deferred Foreign Currency Fluctuation Asset on account of exchange differences recoverable from customers at a later date as per the accounting policy of the company.

The interest and finance charges for fiscal 2009 after these adjustments and without taking into account the exchange differences treated as adjustment to interest costs is Rs. 17,814 million.

Rs. Million

	Fiscal 2009	Fiscal 2008
Total Interest charges less interest charges capitalised	12,750	10,312
Total Finance charges excluding finance charges capitalised & transferred to FC Fluctuation Asset	7,479	7,669
<b>Net interest and finance charges</b>	<b>20,229</b>	<b>17,981</b>
Less : Adjustment of exchange differences regarded as borrowing cost	1,877	1,123
Less: Interest cost on account of arbitration award	538	
<b>Total Adjusted Interest and Finance charges</b>	<b>17,814</b>	<b>16,858</b>

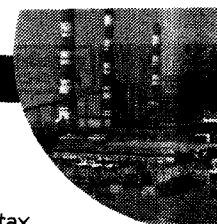
## 2.5 Prior period income / expenditure

Certain elements of income and expenditure have been charged to the profit and loss account relating to previous years. For the fiscal 2009 a net amount of Rs. 1,083 million was charged as prior period expenditure whereas a net amount of Rs. 2,745 million was booked as prior period income to the profit and loss account in the previous year.

During fiscal 2009, there has been an impact on the profits of the Company due to change in accounting policies in respect of exchange differences. Based on the opinions of the Expert Advisory Committee (EAC) of the ICAI, foreign exchange gains amounting to Rs. 7,536 million arising on foreign currency borrowings, which were hitherto charged to profit, have been reduced from the cost of asset to the extent the exchange loss has been earlier capitalized as per applicable Accounting Standards during construction period. Due to the above adjustment, depreciation of Rs. 2,478 million pertaining to previous years has been written back through 'Prior Period Depreciation' (explained in note 13(a)(i) of Note on Accounts, Schedule-26).

Similarly, as per the opinion of the EAC of the ICAI, foreign exchange (gain) of Rs. 99 million for the financial years 2004-05 to 2006-07 arising from restatement/settlement of foreign currency monetary items in respect of transactions entered into on or after 1<sup>st</sup> April 2004, which were hitherto treated as IEDC at units under construction have been recognized in the P&L A/c through 'Prior Period Interest/Exchange differences'. Due to this adjustment, depreciation amounting to Rs. 2 million pertaining to previous years has been charged





to 'Prior Period Depreciation' (explained in note 13(a)(ii) of Note on Accounts, Schedule-26).

Consequent to the above, the balance of Rs.2,554 million appearing in the 'Deferred Foreign Currency Fluctuation Liability' at the end of fiscal 2008 has been written back through 'Prior Period Adjustment'. In respect of operating stations, an amount of Rs.2,080 million recoverable from the beneficiaries in future years as per CERC Regulations corresponding to exchange differences recognised in the Profit & Loss A/c for the periods up to fiscal 2008 has been recognised as 'Deferred Foreign Currency Fluctuation Asset' through 'Prior Period Sales'. Due to accounting of such exchange differences, corresponding decrease in depreciation amounting to Rs.736 million has been credited to 'Deferred Expenditure from Foreign Currency Fluctuation' by debit to 'Prior Period Depreciation out of Deferred Expenses/Income from Foreign Currency Fluctuation' (explained in note 13(a)III of Notes on Accounts, Schedule-26).

In case of projects under construction, 'Deferred Foreign Currency Fluctuation Asset/Liability' has been created corresponding to exchange differences recognised in the statement of Profit & Loss A/c which are admissible for inclusion in capital cost for tariff determination as per CERC Regulations, relating to prior years amounting to Rs.250 million (explained in note 13(a) III of Notes on Accounts, Schedule-26).

### 3 Profit before tax, provisions and prior period adjustments

The profit of the Company before tax and prior period adjustments for the current and the previous year, both on reported and adjusted basis, is tabulated below:

Rs. Million

	Reported		Adjusted	
	Fiscal 2009	Fiscal 2008	Fiscal 2009	Fiscal 2008
Gross Income	452,558	400,113	438,264	388,527
Expenditure related to operations	313,930	255,446	302,040	247,350
Depreciation	23,645	21,385	23,645	21,385
Interest and Finance charges	20,229	17,981	17,814	16,858
<b>Profit before tax, prov. &amp; prior period adjust.</b>	<b>94,754</b>	<b>105,301</b>	<b>94,765</b>	<b>102,934</b>

### 4 Provision for Tax

The Company provides for current tax, deferred tax and fringe benefit tax computed in accordance with provisions of Income Tax Act, 1961. As per tariff regulations, the Company recovers actual tax payments in respect of generation business from its customers while taxes on the income from all other activities are borne by the Company.

	Fiscal 2008		(Rs Million)	
	Current tax	Deferred tax	FBT	Total
Provision for fiscal 2008	24,637	1,411	214	26,262
Adjustment for earlier years	3,680	--	(45)	3,635
(Recoverable from) / payable to customers	--	(1,411)	--	(1,411)
Capitalised	(70)	--	(15)	(85)
<b>Net prov. as per P&amp;L Account</b>	<b>28,247*</b>	<b>--</b>	<b>154</b>	<b>28,401</b>

\*Rs.22,761 million is recoverable from customers

	Fiscal 2008		(Rs Million)	
	Current tax	Deferred tax	FBT*	Total
Provision for fiscal 2009	25,337	4,488	210	30,035
Adjustment for earlier years	(13,953)	--	--	(13,953)
(Recoverable from) / payable to customers	--	(4,488)	--	(4,488)
Capitalised	--	--	(12)	(12)
<b>Net prov. as per P&amp;L A/C</b>	<b>11,384**</b>	<b>--</b>	<b>198</b>	<b>11,582</b>

\*FBT-Fringe Benefit Tax

\*\*Rs.7,583 million is recoverable from customers

Net provision of tax for the fiscal 2009 was Rs. 11,582 million in comparison to Rs. 28,401 million in the fiscal 2008, a decrease of Rs.16,819 million. This decrease is due to tax refund of Rs.13,953 million on account of the favourable decisions relating to previous years by CIT (Appeal) which has been accounted during fiscal 2009. Out of this an amount of Rs.2,400 million will be retained by your company and the balance amount of Rs.11,553 million is payable to customers. As a result, tax payment in respect of generation business recoverable from the customers has also reduced to Rs.7,583 million for the current fiscal as against Rs.22,761 million for the last fiscal.



## 5 Profit After Tax before provisions made and written back and prior period adjustments

Rs. Million

	Reported		Adjusted	
	Fiscal 2009	Fiscal 2008	Fiscal 2009	Fiscal 2008
Profit before tax, provisions and prior period adjustments	94,754	105,301	94,765	102,934
Tax as per P&L	(11,582)	(28,401)	(11,582)	(28,401)
IT refund/adjustment for previous years			(2,400)	607
Profit after tax (before prov. and prior period adjust.)	83,172	76,900	80,783	75,140

The increase in adjusted as well as reported profits before prior period adjustments and provisions over the last fiscal remains same at 8%.

## 6 Net Profit After Tax

The net profit after tax after provisions (made and written back) and prior period adjustments on a reported and adjusted basis are as follows:

Rs. Million

	Reported		Adjusted	
	Fiscal 2009	Fiscal 2008	Fiscal 2009	Fiscal 2008
Profit after tax (before provisions and prior period adjustments)	83,172	76,900	80,783	75,140
Provisions (net of write back)	(76)	(7)	(76)	(7)
Interest on income tax refund pertaining to previous years			747	
Prior period adjustments	(1,083)	(2,745)		
Net profit after tax	82,013	74,148	81,454	75,133

On a reported basis, the net profit after tax for the fiscal 2008 has increased by about 10.60% while on an adjusted basis, the net profit after tax has grown by 8.41%.

## 7 Segment-wise performance

For the purpose of compiling segment-wise results, the business of the Company is segregated into 'Generation' and 'Other Business'. The Company's principal business is generation and sale of bulk power. Other business includes providing consultancy,

project management and supervision, oil and gas exploration and coal mining.

The profit before tax and interest for the generation business for the fiscal 2009 was Rs. 90,531 million as against Rs. 90,808 million for fiscal 2008. Excluding income tax recoverable from customers amounting to Rs. 7,583 million for fiscal 2009 and Rs. 22,761 million for fiscal 2008, the above has increased by 22% mainly on account of increased generation. For the 'Other Business' it was Rs. 418 million for fiscal 2009 and Rs. 288 million for the previous fiscal.

## B Financial Condition

### 1 Net worth

The net worth of the Company at the end of fiscal 2009 increased to Rs. 573,701 million from Rs. 526,386 million in the previous year registering an increase of 9% mainly due to retained earnings. Correspondingly, the book value per share also increased from Rs. 63.84 to Rs. 69.58.

### 2 Loan Funds

The loans as on March 31, 2009 were Rs. 345,678 million in comparison to Rs. 271,906 million as on March 31, 2008. A summary of the loans outstanding is given below:

Rs. Million

	As at March 31		% change
	2009	2008	
<b>Secured Loans</b>			
Bonds	82,500	66,000	25%
Foreign Currency terms loans	7,180	7,140	1%
Other	16	7	129%
<b>Sub-total</b>	<b>89,696</b>	<b>73,147</b>	<b>23%</b>
<b>Unsecured Loans</b>			
Fixed Deposits	14	130	-89%
Foreign Currency Bonds / Notes	25,775	20,095	28%
Foreign Currency loans	78,281	51,639	52%
Rupee term loans	151,911	126,859	20%
Loans from GOI	1	36	-97%
<b>Sub-total</b>	<b>255,982</b>	<b>198,759</b>	<b>29%</b>
<b>Total</b>	<b>345,678</b>	<b>271,906</b>	<b>27%</b>

GOI-Government of India

Over the last fiscal, the debt has registered a growth of 27%. Debt funds of Rs.96,428 million were utilized to finance capital expenditure of projects under construction. This amount consisted of Rs.60,500 million raised and utilized from domestic markets and disbursements amounting to Rs.35,928 million received by way of foreign loans. The domestic debt funds included term loans amounting Rs.41,500 million raised and the bonds aggregating to Rs.19,000 million (including bonds of Rs.5,500 million for refinancing loans) privately placed during the year.

During the year, fresh agreements for term loans aggregating Rs. 115,750 million were entered as under:

Rs. Million

Dena Bank	2,000
Andhra Bank	1,500
PFC	100,000
LIC Term Loan	10,000
United Bank III	2,250

The loan Agreement of Rs.100,000 million with Power Finance Corporation was entered on June 30, 2008 to finance the expenditure on the on-going capacity addition programme including Renovation and Modernization and Coal Mining and Coal Washeries. The tenure of the loan is 16 years with a moratorium of 4 years. The repayments are to take place in 48 quarterly installments after moratorium.

Your Company has redeemed bonds amounting to Rs.2,500 million during the year. Repayments amounting to Rs.16,484 million were made under various term loans extended by Indian Banks and Govt. of India. Repayment of Rs.3,566 million was made during the year towards foreign currency loans. Fixed Deposits for Rs.121 million were also discharged during the year.

The credit rating of the Company by CRISIL and ICRA of the Company as an issuer and also the rating for rupee bonds & fixed deposits program continued to be 'AAA' and "LAAA" respectively, being the highest rating. During the rating exercise of our domestic borrowings from banks including the amounts committed by them, CRISIL has assigned the highest possible rating i.e. 'AAA'. In addition, during the fiscal 2009, ICRA has assigned 'LAAA' rating for sanctioned lines of credit extended from domestic banks.

During the year, Standard and Poors' and Fitch Ratings maintained the "Investment Grade" foreign currency ratings of your company. While, Fitch Ratings continued to maintain the 'stable' outlook for the ratings, the outlook on the company's rating was revised to 'negative' by

Standard and Poors' following similar action on the outlook on rating of India. The Company's foreign currency ratings are at par with sovereign ratings of India.

The debt to equity ratio at the end of fiscal 2008-09 of the Company went up to 0.60 from 0.52 at the end the previous fiscal.

The Debt Service Coverage Ratio (DSCR) for the year is 3.67 and Interest Service Coverage Ratio for the year is 10.19. Formula used for computation of coverage ratios DSCR = Earning before Interest, Depreciation and Tax/ (Interest net off transferred to expenditure during construction + Principal repayment) and ISCR = Earning before Interest, Depreciation and Tax/(Interest net off transferred to expenditure during construction).

The maturity profile of the borrowings by the Company is as under:

Rs. Million

	Rupee	Foreign Loans	Total Currency loans
Within 1 year	23,312	4,192	27,504
1 - 3 years	47,802	28,082	75,884
3 - 5 years	50,210	18,867	69,077
5 - 10 years	100,565	39,153	139,718
Beyond 10 years	12,553	20,942	33,495
<b>Total</b>	<b>234,442</b>	<b>111,236</b>	<b>345,678</b>

### 3 Fixed Assets

During the year your Company added Rs.89,850 million to the gross block mainly on account of capitalization of two units of Sipat-II (500MWx2) Power Project and two units of Kahalgaon-II (500MWx2) Power Project. Due to increase in construction activities, there was an addition of Rs.27,822 million in the capital-work-in-progress registering an increase of 15% over the last year.

In addition, there was also an increase of 28% in Construction Stores and Advances.

Rs. Million

	As at March 31		% change
	2009	2008	
Gross block	623,530	533,680	17%
Net Block	329,377	260,937	26%
Capital Work-in-Progress	212,211	184,389	15%
Construction stores and advances	51,838	40,394	28%
<b>Total fixed assets</b>	<b>593,426</b>	<b>485,720</b>	<b>22%</b>



Further, in line with Gazette Notification no 193 dated 31st March 2009, issued by Ministry of Company Affairs, Govt of India, para 46 has been inserted in Accounting Standard (AS) 11 relating to "The effects of changes in Foreign Exchange Rates" in the Companies (Accounting Standards) Rules, 2006 which provides that exchange differences arising on reporting of long term foreign currency monetary items, in so far as they relate to the acquisition of a depreciable capital asset, can be added to or deducted from the cost of the asset and shall be depreciated over the balance life of the asset. Accordingly, exchange differences arising for the fiscal 2008 and 2009 amounting to Rs.152 million have been adjusted in the cost of related assets and of this Rs.2 million, being the exchange differences arising during fiscal 2008 have been credited to the General Reserve as per the transitional provisions provided in the aforesaid Notification. (explained in note 13(a)II of Note on Accounts, Schedule-26).

#### 4 Investments

The Investments consist mainly of bonds issued under One Time Settlement Scheme and bonds issued against outstanding dues besides equity participation in joint ventures and subsidiaries. The investments also include the deployment of surplus cash generated out of operations in various treasury instruments issued by Government of India. The bonds issued against settlement of receivables account for 82% of total investments at the end of fiscal 2009.

Broadly the break-up of investments is as follows:

Rs.Million

	As at March 31	
	2009	2008
Bonds issued under One time settlement scheme	114,732	131,247
Investments in Joint Ventures	18,849	15,547
Investment in subsidiaries	4,146	3,355
Investment of surplus cash in various instruments	1,865	1,875
<b>Others</b>		
Bonds against dues (issued prior to one time settlement scheme)	243	648
<b>Total investments</b>	<b>139,835</b>	<b>152,672</b>

During the fiscal 2009 investments reduced by about 8% mainly on account of redemption of bonds issued under One Time Settlement Scheme (OTSS) amounting to Rs.16,515 million. These OTSS bonds carry a 'call

option' giving right to SEBs to redeem the bonds before scheduled redemption date. However, no call option was exercised by any SEB during the year 2008-09.

Your company partly redeemed 10% Secured Non-Cumulative Non-Convertible Redeemable GRIDCO Bonds as per redemption plan, during the fiscal 2009.

Your company invested Rs.1,929 million in Ratnagiri Gas & Power Pvt. Ltd. and Rs. 850 million in NTPC SAIL Power Company Pvt. Ltd. Besides, the company also invested Rs. 464 million in Bhartiya Rail Bijlee Company Ltd a subsidiary with 74% equity stake promoted along with Ministry of Railways, Rs. 304 million in NTPC Hydro Ltd., a wholly owned subsidiary of your company and Rs. 302 million in Meja Urja Nigam Pvt. Ltd., a joint venture of your Company.

During the year, your company has not made any non-trade investments.

#### 5 Current Assets

The current assets and current liabilities as on March 31, 2009 and March 31, 2008 and the changes therein are as follows:

Rs.Million

	As at March 31		Y-o-Y change	% change
	2009	2008		
	Amt	Amt	Amt	
Current Assets				
Inventories	32,434	26,757	5,677	21%
Sundry Debtors	35,842	29,827	6,015	20%
Cash and Bank balances	162,716	149,332	13,384	9%
Other Current Assets	9,792	9,218	574	6%
Loans and Advances	68,469	40,354	28,115	70%
<b>Total Current Assets</b>	<b>309,253</b>	<b>255,488</b>	<b>53,765</b>	<b>21%</b>

A major portion of current assets comprised of Cash and Bank balances. As on March 31, 2009, the cash and bank balances stood at Rs.162,716 million being 53% of the total current assets in comparison to Rs.149,332 million as at March 31, 2008 which was 58% of the total current assets as on that date. Of this, Rs.159,998 million was kept as term deposits with banks as on March 31, 2009 while the term deposits for the last year was Rs. 144,536 million.

The next largest component of current assets is Loans and Advances. Besides advance tax and tax deducted at source (net of provisions) amounting to Rs.34,963



million, this includes a loan of Rs.7,179 million to the Government of Delhi subsequent to the conversion of the dues of Delhi Vidyut Board under the one-time-settlement scheme. The Government of Delhi pays 8.5% tax-free interest on this loan. The other loans and advances are mostly to suppliers and contractors and also on account of advances extended to employees for various purposes such as building of house, purchase of vehicles etc. as per the policies of your Company. The advances to employees mainly include Rs.3,142 million paid pending pay revision (explained in note 5 of Notes on Accounts, Schedule-26).

Inventories as at March 31, 2009 were Rs.32,434 million being 10% of current assets as against Rs.26,757 million as on March 31, 2008. Our inventories mainly comprise of components and spares and coal which we maintain for operating our plants. Components and spares were Rs.17,429 million as against Rs.15,609 million in the last year. Coal inventory amounted to Rs. 11,133 million as against Rs.6,694 million in the previous year.

Sundry Debtors net of provisions have increased from Rs 29,827 million in previous fiscal to Rs. 35,842 million showing an increase of 20% corresponding to increase in sale of energy after adjusting for income tax recoverable from customers. As on 31.03.2009, Sundry Debtors amounted to Rs 44,203 million as compared to Rs.38,189 million as on 31.03.2008. As a percentage of sales the sundry debtors have remained at around 10%, at the same level as at the end of the last fiscal. The Sundry debtors were equivalent to 38 days of sales for current as well as last fiscal year.

## 6 Current Liabilities

Rs.Million

	As at March 31		Y-o-Y change	% change
	2009	2008		
	Amt	Amt	Amt	
Liabilities	74,391	55,483	18,908	34%
Provisions	32,495	23,816	8,679	36%
<b>Total Current Liabilities</b>	<b>106,886</b>	<b>79,299</b>	<b>27,587</b>	<b>35%</b>

The current liabilities as at March 31, 2009 were Rs. 74,391 million as against Rs. 55,483 million in the previous year. The current liabilities mainly comprise of creditors for capital expenditure, creditors for supply of goods and services, deposits and retention money from contractors. The creditors and retention money, deposits etc. at the end of the year stood at Rs. 64,469 million as against Rs.48,263 million in the previous year. Besides these, we also owed a sum of Rs. 4,520 million to our customers as against Rs. 2,958 million in the

previous year. These sums include amount payable to the customers on account of income tax refunds.

Current Liabilities for the year also include Rs. 4,691 million being gratuity liability of the company as on 31.03.2009 as compared to Rs. 513 million as on 31.03.2008. This is higher in comparison to previous year due to revision of gratuity ceiling from 0.35 million to Rs 1 million during the year.

## 7 Provisions

As on March 31, 2009, your Company had provisions outstanding amounting to Rs. 32,495 million as against Rs. 23,816 million on 31<sup>st</sup> March 2008. This mainly comprised Rs.21,927 million (previous year Rs. 15,293 million) being provision for estimated employee benefits under AS 15 (Revised 2005) "Employee Benefits" and estimated benefits payable pending pay revision w.e.f. 01.01.07. The increase is mainly due to Rs.5,342 million provision for employee benefits pending pay revision and Rs.3,199 million due to increase in estimated benefits payable to employees as per actuarial valuation. An amount of Rs. 1,907 million was paid during the year (explained in note 5 and 16 of Notes on Accounts, Schedule-26).

The provisions for the current year also includes an amount of Rs. 2,842 million made towards expenditure on resettlement & rehabilitation activities including the amount payable to the project affected persons (PAPs) in respect of land in possession of the company. The same has also been included in the cost of land. The provision has been made based on the opinions of the Expert Advisory Committee (EAC) of the ICAI received during the year (explained in note 9 of Notes on Accounts, Schedule-26).

Further, provisions include Rs 6,596 million on account of proposed dividend which we would be paying to our shareholders after they approve the same in the shareholders' meeting. The income tax payable on the proposed dividend is Rs.1,103 million included in the Provisions of fiscal 2009.

## 8 Cash flows

The cash, cash equivalents and cash flows on various activities for the past five years are tabulated below:

Rs. Million

	For the year ended March 31				
	2009	2008	2007	2006	2005
Opening Cash and cash equivalents	149,332	133,146	84,714	60,783	66,351
Net cash from operating activities	96,881	97,860	80,653	59,720	50,998



Net cash used in investing activities	-75,004	-58,187	-31,458	-26,992	-64,136
Net cash flow from financing activities	-8,493	-23,487	-763	-8,797	7,570
Change in Cash and cash equivalents	13,384	16,186	48,432	23,931	-5,568
<b>Closing cash and cash equivalents</b>	<b>162,716</b>	<b>149,332</b>	<b>133,146</b>	<b>84,714</b>	<b>60,783</b>

The net cash from operating activities for the year ended March 31, 2009 reduced by 1% from the previous year because of deployment of cash in working capital. The net cash from operating activities was Rs.96,881 million as against Rs.97,860 million for the previous year.

The net cash used in investing activities increased to Rs 75,004 million in fiscal 2009 from Rs. 58,187 million in the previous year registering an increase of 29%. Cash flows on investing activities arise from expenditure on setting up power projects, investment of surplus cash in various securities, investments in joint ventures and subsidiaries. The cash utilized for purchase of fixed assets increased by 25% from Rs. 79,964 million in the previous year to Rs. 100,087 million during fiscal 2009. Net cash realized from sale of investments (after adjusting purchase of investments and the redemption of OTSS bonds) reduced by Rs.548 million during the year. No call option was exercised by SEBs on OTSS bonds during the fiscal 2009. The investment in Joint Venture companies and subsidiaries was Rs. 4,093 in current fiscal as against Rs.9,218 million during fiscal 2008. Cash generated from investing activities also reduced due to reduction in interest on OTSS bonds.

During the year, out of the cash raised from operating activities the company paid net Rs. 8,493 million of cash for servicing financing activities as against Rs.23,487 million in the previous year. During the fiscal 2009 the company had an inflow of Rs.73,600 million from long term borrowings as against Rs. 50,231 million in the previous year. The cash used for repayment of long term borrowings during the current fiscal was Rs.22,666 million as against Rs. 21,987 million repaid in the previous year. The cash used for paying dividend and the tax thereon was Rs.34,718 million as against Rs. 33,764 million in the previous year.

#### BUSINESS AND FINANCIAL REVIEW OF SUBSIDIARIES

NTPC has formed six subsidiary companies. The financial statements of the subsidiaries are included in this Annual

Report elsewhere. Their performance is briefly discussed here:

#### (a) NTPC Electric Supply Company Limited (NESCL)

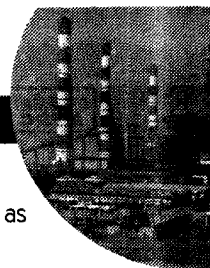
The financial highlights of the Company are as under:

Particulars	Fiscal 2009	Fiscal 2008
<b>Rs.Million</b>		
NTPC's investment in equity	0.8	0.8
Gross Income	785	419
Profit After Tax	185	127
<b>Rs Per Share</b>		
Earnings Per Share	2,284.54	1,565.34

The company was formed on August 21, 2002 as a wholly owned subsidiary company of NTPC with an objective to make a foray in the business of distribution and supply of electrical energy as a sequel to reforms initiated in the Power Sector. Presently the company is involved in the following activities:

- The company has been involved in the execution of work on turnkey basis under the Government's rural electrification program namely "Rajiv Gandhi Grameen Vidyuti-Karan Yojana" in 30 districts and 5 states, namely, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa and West Bengal and a Union Territory of Lakshdweep covering approximately 38,500 villages. During the year 2008-09, the Company achieved electrification of 4,107 villages and provided electricity connection to 1,68,633 BPL households. So far the Company has achieved electrification of 4,709 villages. 22 more projects have been sanctioned under XI plan.
- The company has successfully completed the assignment of "Advisor-cum-Consultant" for Ministry of Power for implementation of schemes under the Accelerated Power Development and Reforms Program (APDRP).
- The Company is assisting the DISCOMs and utilities for enhancement and bringing the sectoral reforms process and has been participating in the distribution infrastructural development programme under consultancy assignments. The Company has won a contract under competitive bidding for project management consultancy work for setting up 220 KV substations, switch yard and associated facilities at BPCL Kochi Refinery with the comprehensive scope of concept to commissioning.
- The Company has also been assigned implementation of works of power supply





arrangement for Port based Special Economic Zone at Vallarpadam for Cochin Port Trust (CPT).

NESCL has paid dividend of Rs.25 million for fiscal 2009 as against Rs 17.5 million paid in the previous year.

#### Joint venture of NESCL

NESCL has set up a JV with Kerala Industrial Infrastructure Development Corporation (KINFRA), a statutory body of Government of Kerala with equity participation of 50% each named as KINESCO Power and Utilities Pvt. Ltd on September 17, 2008, to take up retail distribution of power in various Industrial parks developed by KINFRA in Kerala and other SEZs and industrial areas. KINESCO has applied to the State Regulator for the transfer of the distribution license on March 27, 2009. Investment appraisal is under finalization by IDFC. The JV is expected to start operations from fiscal 2010.

#### (b) NTPC Vidyut Vyapar Nigam Limited (NVVN)

The financial highlights of the Company are as under:

Particulars	Fiscal 2009	Fiscal 2008
<b>Rs.Million</b>		
NTPC's investment in equity	200	200
Gross Income	19,799	7,961
Profit After Tax	495	190
<b>Rs. Per Share</b>		
Earnings per share	24.76	9.52

The company was formed on November 1, 2002 as a wholly owned subsidiary company of NTPC with an objective to undertake business of sale and purchase of electric power, to effectively utilise installed capacity and thus enabling reduction in the cost of power.

During the year 2008-09 the company transacted business with various state electricity boards spread all over the country and traded 4.831 billion units of electricity in comparison to 3.324 billion units traded in the previous year.

As a part of its new business initiative, the company has traded ash in the domestic market at a value of Rs 287.19 million as compared to Rs. 2.84 million in the previous year registering substantial growth. The Company also exported fly ash at a value of Rs.20.69 million and sold Cenosphere at a value of Rs.5.12 million during 2008-09 as compared to export of fly ash of Rs. 11.64 million and sale of Cenosphere of Rs. 6.76 million in the previous year.

NVNV has paid dividend of Rs. 100 million for fiscal

2009 (including interim dividend of Rs. 20 million) as against Rs 40 million paid in the previous year.

#### (c) NTPC Hydro Limited (NHL)

The financial highlights of the Company are as under:

Particulars	Fiscal 2009	Fiscal 2008
NTPC's investment in equity (incl. share capital deposit) (Rs. Million)	927	623
Loss (Rs.)	10,800	-

The company was formed on 12<sup>th</sup> December 2002 as a wholly owned subsidiary company of NTPC with an objective to develop small and medium hydro electric power projects up to 250 MW. Presently the company is implementing the following projects:

- Lata Tapovan hydro electric project (171 MW) in the state of Uttarakhand. All the statutory clearances have been obtained and entire land required for the project has been physically acquired. The main plant award is envisaged during the fiscal 2010. The project is to be developed as a regional power station with 12% free power to Govt. of Uttarakhand and balance to be supplied to the beneficiaries of Northern states. The project is slated for commissioning during XII Plan. The approval from MoEF has been obtained. Land acquisition has been completed.
- Ramnam-III (120 MW) is situated in the state of West Bengal. All the statutory clearances have been obtained and majority of land acquisition activities have been completed. The various infrastructure developmental works are under progress. The main plant package is currently under tendering process and award is envisaged during the fiscal 2010. The project is for the benefit of West Bengal and Sikkim states and is slated for commissioning during XII Plan.

#### (d) Pipavav Power Development Company Limited (PPDCL)

NTPC Ltd. disassociated from the Pipavav Power Project on May 24, 2007 after obtaining approval from the MoP. Based on the settlement between NTPC, GPCL and GEB, an amount of Rs.109 million was paid to NTPC towards final settlement in respect of cost of land during 2007-08. During the year, a sum of Rs.22 million has been paid by M/s GPCL to NTPC. Further, the Board of Directors of NTPC accorded approval to proceed with the winding up procedure of PPDCL subject to approval of Ministry of Power as required under guidelines issued by Deptt. of Public Enterprises. The Govt. of India had



permitted NTPC Ltd. for winding up of PPDCL pending final settlement of claims with Gujarat Power Corporation Ltd./Govt. of Gujarat.

**(e) Kanti Bijlee Utpadan Nigam Limited**

As per the decision of Govt. of India, a new company named 'Vaishali Power Generating Company Ltd.' was incorporated on September 6, 2006 as a subsidiary of NTPC to take over Muzaffarpur Thermal Power Station (2 x 110 MW). The Company was rechristened as 'Kanti Bijlee Utpadan Nigam Limited' on April 10, 2008. Upon the final determination of the value of the assets of the plant, NTPC will be allotted shares subject to the minimum of 51% and maximum of 74% of the total issued, subscribed and paid-up capital of the Company.

Both units of the transferred station were under renovation and modernisation since the date of transfer (and not in operation). From 29.01.08, unit no. 02 (1X110 MW) after restoration and refurbishment is on trial operation for attaining stability in operation. In financial year 2008-09, the second unit generated 226 MUs, highest generation by this unit since 1999-2000. Renovation and Modernization of first Unit is under progress. Further, pre-award activities for expansion stage consisting of two units of 195 MW each are under progress.

The financial highlights of the Company are given below:

Particulars	Fiscal 2009	Fiscal 2008
NTPC's investment in equity (incl share capital deposit) (Rs.Million)	595	572
Loss (Rs.)	27,866	53,350
Earnings per share (Rs.)	(0.28)	(0.53)

**(f) Bhartiya Rail Bijlee Company Limited (BRBCL)**

Bhartiya Rail Bijlee Company Limited was incorporated as a subsidiary of NTPC on November 22, 2007 having equity participation of 74:26 by NTPC Ltd. and Ministry of Railways (Govt. of India) respectively for setting up of 4 units of 250 MW each of coal based power plant at Nabinagar, district Aurangabad, Bihar. Land acquisition activities are in advance stage.

The financial highlights of the Company are given below:

Particulars	Fiscal 2009	Fiscal 2008
Rs.Million		
NTPC's investment in equity (incl. share capital deposit)	2,421	1,957
Loss	4	1
Rs Per Share		
Earnings per share	(0.03)	(8.28)

**BUSINESS AND FINANCIAL REVIEW OF JOINT VENTURE COMPANIES**

**a) Utility Powertech Limited (UPL)**

The financial highlights of the Company are as under:

Particulars	Fiscal 2009	Fiscal 2008
Rs.Million		
NTPC's investment in equity	10	10
Gross Income	2,383	2,199
Profit After Tax	8	125
Rs Per Share		
Earnings per share	2.03	31.18

UPL is a joint venture company of NTPC and Reliance Infrastructure Limited formed to take up assignments of construction, erection and supervision in power sector and other sectors in India and abroad. The Company has proposed a dividend of Rs.6 million for fiscal 2009 with NTPC's share of Rs.3 million. During the fiscal 2009, Rs. 20 million of paid-up equity capital has been issued as fully paid bonus shares.

**b) NTPC-SAIL Power Company Pvt. Ltd. (NSPCL)**

Bhilai Electric Supply Company Pvt. Ltd.(BESCL), a joint venture company with 50:50 equity participation by NTPC and SAIL, having generating capacity of 74 MW was merged with NTPC-SAIL Power Company Pvt. Ltd (NSPCL), another joint venture company, w.e.f August 2, 2006 in pursuance of the order of the Hon'ble High Court of Delhi dated August 2, 2006.

NSPCL owns and operates a capacity of 314 MW as captive power plants for SAIL's steel manufacturing facilities located at Durgapur, Rourkela and Bhilai. During 2008-09, one unit of 250 MW of Bhilai Expansion Project was commissioned during April 2008 and the second 250 MW unit was commissioned on 28.03.09. The total capacity of NSPCL as on 31.03.09 is 814 MW. Out of 500 MW commissioned during 2008-09, 255 MW capacity is allocated for captive use and the balance 245 MW is allocated for CSEB, UT Daman & Diu and UT Dadra & Nagar Haveli.

The above stations generated a total of 2.389 BUs during 2008-09 as compared to 2.576 BUs during the corresponding previous year. The captive power plants at NSPCL namely Durgapur, Rourkela and Bhilai maintained average PLF of 87% during 2008-09.

The financial highlights of this Company are as under:

Particulars	Fiscal 2009	Fiscal 2008
Rs.Million		
NTPC's investment in equity	4,752	3,902
Gross Income	2,697	2,522
Profit After Tax	355	322
Rs Per Share		
Earnings per share	0.42	0.41

NSPCL has recommended a final dividend of Rs.90 million of which NTPC's share is Rs.45 million.

**c) NTPC-ALSTOM Power Services Private Limited (NASL)**

The financial highlights of the Company are as under:

Particulars	Fiscal 2009	Fiscal 2008
Rs.Million		
NTPC's investment in equity	30	30
Gross Income	597	1,008
Profit After Tax	34	38
Rs Per Share		
Earnings per share	5.73	6.40

NASL is a joint venture company between NTPC and ASL TOM DEUTSCHLAND AG, Germany. The company was formed for taking up Renovation & Modernization assignments of power plants both in India and abroad. NASL has recommended a final dividend of Rs.12 million with NTPC's share of Rs.6 million, same as in the previous year.

**d) NTPC Tamil Nadu Energy Company Ltd. (NTECL)**

NTPC Tamil Nadu Energy Company Ltd, was formed as a 50:50 joint venture between NTPC and Tamil Nadu Electricity Board (TNEB) on May 23, 2003 to set up a coal-based power station of 1000 MW capacity, at Vallur. The project is named as Vallur Thermal Power Project and is expected to use Ennore port infrastructure facilities. Financial closure for the project was achieved on signing of loan Agreement with M/s REC on 28.03.08 for Rs 37,964.8 million for Phase- I (2x500MW). The Feasibility Report for Phase - II (1x500 MW) expansion of the project was approved by NTECL Board on 24.11.07. Mega Power Status has been accorded to the project (3x500 MW) on 12.03.08. The construction work at site is in full progress.

The paid up capital of the Company is Rs. 3,800 million and out of this, 50% has been contributed by NTPC Ltd. Further as on 31.3.2009, the amount of Share Capital Deposit pending allotment is Rs. 320 million. Out of this, Rs. 160 million was contributed by NTPC Ltd. during 2008-09.

**e) Ratnagiri Gas and Power Pvt. Limited**

Ratnagiri Gas and Power Private Ltd has been formed as joint venture company between NTPC, GAIL, Maharashtra State Electricity Board and Indian Financial institutions with NTPC having a stake of 28.33% for taking over and operating gas based Dabhol Power Project and LNG Terminal. The total generation from Power Block II (740 MW) and Power Block III (740 MW) during 2008-09 is 5213 MUs which includes infirm power. The commercial generation is 3873 MUs.

The financial highlights of the Company are as under:

Particulars	Fiscal 2009	Fiscal 2008
Rs.Million		
NTPC's investment in equity (incl. share capital deposit)	6,929	5,000
Gross Income	12,612	10,840
Loss	6,551	153
Rs Per Share		
Earnings per share	(3.71)	(0.09)

**f) Aravali Power Company Private Limited**

Aravali Power Company Private Limited (A Joint Venture Company with Indraprastha Power Generation Co. Ltd. [IPGCL] of Delhi Govt. and Haryana Power Generation Corp. Ltd. [HPGCL] of Haryana Govt.), is setting up Indira Gandhi Super Thermal Power Project of 1500 MW (3x500 MW), a coal fired power plant, in Jhajjar District of Haryana. The project is being set up by NTPC on concept-to-commissioning basis. NTPC would also operate and maintain the station on Management Contract basis for 25 or more years. The project is being set up for meeting the power requirement of Haryana and NCT of Delhi and the Commonwealth games to be held in Delhi in the year 2010. The power will be shared on 50:50 basis between Haryana and NCT of Delhi. Financial closure for the project was achieved on signing of loan Agreement with M/s PFC on 24.01.08 for Rs. 51,800 million.

Construction activities at the site are in full swing. Boiler drum for Unit-I and Unit-II have been lifted on 12.12.08 and 07.04.09 respectively. For the Unit-III, boiler erection has commenced on 19.03.09. Unit-I is expected to be ready during 2010-2011.

As on 31.3.2009, the paid up capital of the Company is Rs. 9,170 million with 50% being contributed by NTPC Ltd.

**g) NTPC-SCCL Global Venture Pvt. Ltd**

"NTPC-SCCL Global Venture Pvt. Ltd." was incorporated





on July 31, 2007 as a JV Company of NTPC with Singareni Collieries Company Ltd. to jointly undertake the development and operation & maintenance of coal Blocks and integrated coal based power projects in India and abroad.

The paid up capital of the Company is Rs. 1 million and out of this, 50% has been contributed by NTPC Ltd.

#### **h) Meja Urja Nigam Private Limited**

Meja Urja Nigam Private Limited was formed as a 50:50 joint venture between NTPC and Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited on April 2, 2008 for setting up a power plant of 1320 MW (2X660 MW) at Meja Tehsil in Allahabad district in the state of Uttar Pradesh. All significant clearances except MOEF clearance has been obtained and major site-specific survey and investigation studies have been completed. The project has been accorded Mega status. Private land of 606.773 hectares has been acquired. Further, efforts are being made to acquire Govt. land.

As on 31.3.2009, the paid up capital of the Company is Rs. 1 million and out of this, 50% has been contributed by NTPC Ltd. Further as on 31.3.2009, out of Share Capital Deposit pending allotment amounting to Rs 602 million, an amount of Rs. 301 million has been contributed towards equity by NTPC Ltd.

#### **i) NTPC BHEL Power Projects Pvt. Ltd.-NBPPL**

A JV Company with Bharat Heavy Electrical Ltd.(BHEL) under the name of "NTPC BHEL Power Projects Pvt. Ltd." was formed on April 28, 2008 for carrying out Engineering Procurement and Construction (EPC) activities in the power sector and to engage in manufacturing and supply of equipment for power plants and other infrastructure projects in India and Abroad. Both NTPC and BHEL are in the process of allocating EPC projects to NBPPL on nomination basis so that NBPPL can develop sufficient experience and skills to compete in open market. NTPC has in principle approved assigning implementation of one unit of 500 MW of Singrauli STPS expansion on turnkey EPC contract basis. BHEL has issued LOI for BOP works of 726 MW CCPP at Palatana, Tripura and EPC works of 100 MW CCPP at Namrup, Assam to NBPPL.

The Authorised Share capital of the Company has been increased to Rs. 3,000 million from 50 million. The Boards of Directors of NTPC and BHEL have agreed to contribute Rs. 1,000 million each towards the equity of JV Company. The present contribution of both the partners is Rs. 50 million each towards the investment in equity of this JVC. As on 31.3.2009, out of Share

Capital Deposit pending allotment amounting to Rs 99 million, 50% has been contributed by NTPC Ltd. during 2008-09.

#### **j) BF-NTPC Energy Systems Limited**

NTPC Ltd. has formed a JV Company, "BF-NTPC Energy Systems Limited" , with Bharat Forge Limited on June 19, 2008 to establish a facility to take up manufacturing of castings, forgings, fittings and high pressure piping required for power projects and other industries, Balance of Plant (BOP) equipment for the power sector. NTPC shall hold 49% and Bharat Forge Limited shall hold 51% of the equity share capital of this Company. The Company is in the process of developing its comprehensive business model.

As on 31.3.2009, the paid up capital of the Company is Rs. 1 million with 49% being contributed by NTPC Ltd. during 2008-09.

#### **k) Nabinagar Power Generating Company Private Limited**

NTPC formed a JV Company with Bihar State Electricity Board under the name "Nabinagar Power Generating Company Private Limited" on September 9, 2008, with equal equity contribution for setting-up of a coal based power project at New Nabinagar in district Aurangabad of State of Bihar. The project will have a capacity of 1980 MW (3X660 MW). The Company will also undertake their operation & maintenance of the project after its commissioning. Land for the project has been identified and Feasibility Report is under finalization.

As on 31.3.2009, the paid up capital of the Company is Rs. 1 million with 50% being contributed by NTPC Ltd. during 2008-09.

#### **l) National Power Exchange Limited- NPEX**

A JV Company has been incorporated on December 11, 2008 with NHPC Ltd., Power Finance Corporation Ltd. and Tata Consultancy Services Ltd. under the name "National Power Exchange Limited" to operate a Power Exchange at National level. This Power Exchange would provide a neutral and transparent electronic platform for trading of power on "day ahead basis" and ensure clearing of all trades in a transparent, fair and open manner with access to all players in the power markets. NTPC Ltd. & NHPC Ltd. will contribute 16.67% equity each, Power Finance Corporation Ltd. will contribute 16.66% of equity while Tata Consultancy Services shall contribute 50% equity in the share capital of this Company. The in-principle approval by CERC for setting up the power exchange was received on July 1, 2009.

As on 31.3.2009, the paid up capital of the Company is Rs.50 million with Rs.8.3 million (16.67%) contributed by NTPC Ltd. during 2008-09.

**m) International Coal Ventures Private Limited (ICVL)**

International Coal Ventures Private Limited has been incorporated on May 20, 2009 as a Joint Venture Company of NTPC Limited, Steel Authority of India Ltd.(SAIL), Coal India Limited (CIL), Rashtriya Ispat Nigam Limited (RINL) and NMDC Limited (NMDC). SAIL, CIL, RINL, NMDC and NTPC shall contribute in the equity share capital of the Company in the ratio of 2:2:1:1:1 respectively.

The Company has been incorporated for the purpose of carrying on business for overseas acquisition and/or operation of coal mines or blocks/ companies for securing coking and thermal coal supplies.

**n) National High Power Test Laboratory Private Limited (NHPTLPL)**

NTPC has formed a JV Company, "National High Power Test Laboratory Private Limited" on May 22, 2009 in association with NHPC Limited (NHPC), Power Grid Corporation of India Limited (Power Grid) and Damodar Valley Corporation (DVC). NTPC, NHPC, Power Grid and DVC shall equally contribute in the equity share capital of the Company.

The Company has been incorporated to set up an On-line High Power Test Laboratory for short-circuit test facility in the Country.

**o) PTC India Limited**

The main objective of the company includes trading of power, import/export of power and purchase of power from identified private power projects and sells it to identified SEBs/others. NTPC holds 5.28% of PTC's paid-up capital. During the fiscal 2009, the applicability of the provisions of Accounting Standard (AS) 27-'Financial Reporting of Interests in Joint Ventures' to the investment made in PTC India Ltd was reviewed. Since, NTPC is of the view that provisions of this Standard are not

applicable to investment in PTC India Ltd., the same has been excluded from the disclosures during the year.

**Consolidated Financial Statements of NTPC Ltd, its Subsidiaries and Joint Venture Companies**

The consolidated Financial statements have been prepared in accordance with Accounting Standards (AS)-21 - "Consolidated Financial Statements" and Accounting Standards (AS) 27 - "Financial reporting of Interests in Joint Ventures" and are included in this Annual report.

A brief summary of the results on a consolidated basis is given below:

Rs. Million

	Fiscal 2009	Fiscal 2008
Gross Income	476,472	416,370
Profit before Tax	93,073	103,510
Profit after Tax	80,925	74,699
Net Cash from operating activities	102,417	100,258

**CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis and in the Directors' Report, describing the Company's objectives, projections and estimates, contain words or phrases such as "will", "aim", "believe", "expect", "intend", "estimate", "plan", "objective", "contemplate", "project" and similar expressions or variations of such expressions, are "forward-looking" and progressive within the meaning of applicable laws and regulations. Actual results may vary materially from those expressed or implied by the forward looking statements due to risks or uncertainties associated therewith depending upon economic conditions, government policies and other incidental factors. Readers are cautioned not to place undue reliance on these forward-looking statements.

For and on behalf of Board of Directors

**R Sharma**

Place: New Delhi  
Date: August 1, 2009

(R.S. Sharma)  
Chairman & Managing Director



## REPORT ON CORPORATE GOVERNANCE

In our Company, Corporate Governance philosophy stems from our belief that corporate governance is a key element in improving efficiency and growth as well as enhancing investor confidence and accordingly, the Corporate Governance philosophy has been scripted as under:

*"As a good corporate citizen, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success."*

Our corporate governance system is participatory, transparent, responsive, consensus-oriented and equitable in nature while taking care of stakeholders. Besides adhering to provisions of Listing Agreement we are also following guidelines on Corporate Governance issued by Department of Public Enterprises, Government of India.

### 2. BOARD OF DIRECTORS

#### 2.1 Size of the Board

We are a Government Company within the meaning of section 617 of the Companies Act, 1956 as the President of India presently holds 89.5% of the total paid-up share capital. As per Articles of Association, the power to appoint Directors vests in the President of India.

In terms of the Articles of Association of the Company strength of our Board shall not be less than four Directors and more than twenty Directors. These Directors may be either whole-time functional Directors or part-time Directors. The constitution of the Board is as under :

- (i) Seven functional Directors including the Chairman & Managing Director,
- (ii) Two government nominees and
- (iii) Nine independent directors as per the requirement of the Listing Agreement.

#### 2.2 Composition of the Board

As on 31<sup>st</sup> March 2009, the Board comprised seventeen Directors out of which seven were whole-time functional Directors including the Chairman & Managing Director. One Director is nominee of the Government of India. One Government Nominee Director ceased to be Director on the Board of the Company with effect from 26<sup>th</sup> March, 2009. Another incumbent in his place is yet to be appointed by the Government of India. The Board also has nine independent Directors who have been appointed by the Government of India through a search committee constituted for the purpose. The Directors bring to the Board wide range of experience and skills. Brief profile of the Directors is set out elsewhere in the Annual Report.

The listing agreements with stock exchanges stipulate half of the Board members to be independent directors.

Details regarding Independent Directors on the Board of the Company during the year is as under:

Period	Requirement	Actual
April 1, 2008 to April 30, 2008	7	4
May 1, 2008 to August 25, 2008	6	4
August 26, 2008 to March 31, 2009	9	9

Presently, we are fully compliant of Clause 49 (IA) of the Listing Agreement regarding composition of the Board of Directors.

#### 2.3 Age limit and tenure of Directors

The age limit of the Chairman & Managing Director and other whole-time functional Directors is 60 Years.

The Chairman & Managing Director and other whole time Functional Directors are appointed for a period of five years from the date of taking charge or till the date of superannuation of the incumbent, or till further instructions from the Government of India, whichever event occurs earlier.

Government Nominee Directors representing Ministry of Power, Government of India retire from the Board on ceasing to be officials of the Ministry of Power.

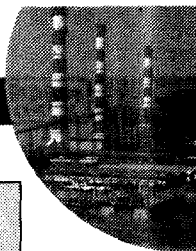
Independent Directors are appointed by the Government of India usually for tenure of three years.

#### 2.4 Board Meetings

The meetings of the Board of Directors are normally held at the Company's registered office in New Delhi. The Company has defined procedures for meetings of the Board of Directors and Committees thereof so as to facilitate decision-making in an informed and efficient manner.

Seventeen Board Meetings were held during the financial year 2008-09 on April 29, May 29, June 17, July 9, July 29, August 18, September 16, October 10, October 24, November 12, November 28, December 8, December 31, 2008, January 13, January 24, February 19, March 16, 2009. The maximum interval between any two meetings during this period was 30 days. Details of number of Board meetings attended by Directors, attendance at last AGM, number of other directorship/ committee membership (viz., Audit Committee and Shareholders Grievance Committee as per SEBI's Corporate Governance Code) held by them during the year 2008-09 are tabulated below:





S. No.	Directors	Meeting held during respective tenures of Directors	No. of Board Meetings Attended	Attendance at the last AGM (held on 17.09.08)	Number of other Directorships held on 31.03.09	Number of Committee memberships in companies on 31.03.09	
						As Chairman	As Member
	<b>Functional Directors</b>						
1	Shri R.S. Sharma Chairman & Managing Director (from 01.05.2008)	17	17	Yes	7	-	-
2	Sh. T. Sankaralingam Chairman & Managing Director (upto 30.04.2008)	1	1	NA*	NA*	NA*	NA*
3	Sh. Chandan Roy Director (Operations)	17	16	Yes	7	-	-
4	Shri R.K. Jain Director (Technical)	17	15	Yes	6	-	-
5	Shri A.K. Singhal Director (Finance)	17	17	Yes	11	1	4
6	Sh. R.C. Shrivastav Director (HR)	17	16	Yes	5	-	1
7	Sh. K.B. Dubey Director (Projects)	17	15	Yes	4	-	-
8.	Shri I.J. Kapoor Director (Commercial) (from 26.12.2008)	5	5	NA*	2	-	-
	<b>Non-executive Directors (Government Nominees)</b>						
9	Shri Rajesh Verma JS&FA, Ministry of Power (upto 26.03.2009)	17	14	Yes	NA*	NA*	NA*
10	Shri V.P. Joy JS (Th.), Ministry of Power	17	16	Yes	-	-	-
	<b>Independent Directors</b>						
11	Dr. R.K. Pachauri Director-General, TERI (upto 29.01.2009)	15	4	No	-	NA*	NA*
12	Prof. Ashok Misra Director IIT, Mumbai (upto 29.01.2009)	15	7	No	-	NA*	NA*
13	Shri G.P. Gupta Ex-CMD, IDBI (upto 29.01.2009)	15	8	No	-	NA*	NA*
14	Shri M.I. Beg Ex-Chairman, CEA (upto 29.01.2009)	15	14	Yes	-	NA*	NA*
15	Shri M.N. Buch Former Secretary, GOI (from 26.08.2008)	11	11	Yes	1	1	-



S. No.	Directors	Meeting held during respective tenures of Directors	No. of Board Meetings Attended	Attendance at the last AGM (held on 17.09.08)	Number of other Directorships held on 31.03.09	Number of Committee memberships in companies on 31.03.09	
						As Chairman	As Member
16.	Shri Shanti Narain Former Member, Railway Board (from 26.08.2008)	11	11	Yes	2	-	4
17.	Shri P.K. Sengupta Former CMD, Coal India Ltd. (from 26.08.2008)	11	11	Yes	1	-	2
18.	Shri K. Dharmarajan Former DG, IIFT (from 26.08.2008)	11	10	Yes	2	-	1
19.	Dr. M. Govinda Rao Director, NIPFP (from 26.08.2008)	11	9	Yes	1	1	-
20.	Shri Kanwal Nath Ex Deputy, C&AG (from 30.01.2009)	2	2	NA*	-	-	1
21.	Shri Adesh Jain President, Project Management Associates, Centre for Excellence in Project Management (from 30.01.2009)	2	2	NA*	1	-	-
22.	Shri A.K. Sanwalka Ex-General Manager, Northeast Frontier Railway (from 30.01.2009)	2	2	NA*	1	-	1
23.	Shri Santosh Nautiyal Ex-Chairman, National Highway Authority of India (from 30.01.2009)	2	2	NA*	1	-	2

\*NA indicates that concerned person was not a Director on NTPC's Board on the relevant date.

## 2.5 Information placed before the Board of Directors, inter alia, include:

The Board has complete access to any information within the Company. The information regularly supplied to the Board includes:

- Annual operating plans and budgets and any updates.
- Capital Budgets and any updates.
- Annual Accounts, Directors' Report, etc.
- Quarterly financial results for the company.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- The information on recruitment and promotion of senior officers to the level of Executive Director which is just below the Board level and Company Secretary.
- Fatal or serious accidents, dangerous occurrences, etc.
- Operational highlights and substantial non-payment for goods sold by the Company.
- Major investments, formation of subsidiaries and Joint Ventures, Strategic Alliances, etc.
- Award of large contracts.
- Disclosure of Interest by Directors about directorship and committee positions occupied by them in other companies.
- Quarterly Report on foreign exchange exposures.
- Any significant development in Human Resources/ Industrial Relations like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.
- Non-Compliance of any regulatory, statutory or listing requirements and shareholders services such as non-payment of dividend, delay in share transfer, etc.
- Short term investment of surplus funds.
- Information relating to major legal disputes.
- Other materially important information.



### 3. COMMITTEES OF THE BOARD OF DIRECTORS

The Board has established the following Committees:-

- i) Audit Committee.
- ii) Shareholders / Investors Grievance Committee.
- iii) Committee on Management Controls.
- iv) Contracts Sub- Committee.
- v) Project Sub-Committee.
- vi) Investment/Contribution Sub-Committee.
- vii) Committee of the Board for allotment and post-allotment activities of NTPC's Securities.

#### 3.1 AUDIT COMMITTEE

The constitution, quorum, scope, etc. of the Audit Committee is in line with the Companies Act, 1956, provisions of Listing Agreement and Guidelines on Corporate Governance as issued by Department of Public Enterprises, Govt. of India.

##### Scope of Audit Committee

1. Discussion with Auditors periodically about internal control systems and the scope of audit including observations of the auditors.
2. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
3. Ensure Compliance of Internal Control Systems.
4. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
5. Noting appointment and removal of external auditors. Recommending the fixation of audit fee of external auditors and also approval for payment for any other services.
6. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Qualifications in the draft audit report.
7. Reviewing, with the management, performance of statutory and internal auditors, the adequacy of internal control systems and suggestion for improvement of the same.
8. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors any significant findings and follow up there on. Review of internal audit observations outstanding for more than two years.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. Review of Observations of C&AG including status of Government Audit paras.
14. To review the functioning of the Whistle Blower mechanism.
15. Investigation into any matter in relation to the items specified above or referred to it by the Board.
16. To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.
17. Provide an open avenue of communication between the independent auditors, internal auditors and the Board of Directors.
18. Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.
19. Consider and review the following with the independent auditor and the management:
  - a) The adequacy of internal controls including computerized information system controls and security, and
  - b) Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.





20. Consider and review the following with the management, internal auditor and the independent auditor:

- Significant findings during the year, including the status of previous audit recommendations.
- Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.

21. Reviewing with the management, statement of uses/ application of funds raised through an issue (public issue, right issue, preferential issue etc.), statement of funds utilised for purposes other than stated in the offer documents/prospects/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter.

#### **Constitution**

The Audit Committee has been constituted with the membership of:

- Four independent Directors to be nominated by the Board from time to time.
- Joint Secretary & Financial Advisor (JS & FA), Ministry of Power (MOP), Government of India nominated on the Board of NTPC

#### **Composition**

As on 31st March 2009, the Audit Committee comprised the following members:-

Shri P.K. Sengupta	Independent Director
Shri K. Dharmarajan	Independent Director
Shri Shanti Narain	Independent Director
Shri Kanwal Nath	Independent Director
Shri Rajesh Verma*	Government Nominee

Director (Finance) and Head of Internal Audit and the Statutory Auditors are invited to the Audit Committee Meetings for interacting with the members of the committee. Besides, Cost Auditors of the Company are also invited to the meetings of the Audit Committee as and when required. Senior functional executives are also invited as and when required to provide necessary inputs to the committee.

The Company Secretary acts as the Secretary to the Committee.

#### **Meetings and Attendance**

Six meetings of the Audit Committee were held during the financial year 2008-09 on May 28, July 9, July 29, October 24, December 10, 2008 and January 24, 2009.

The details of the meetings of Audit-Committee attended by the members are as under:-

Members of Audit Committee	Meetings held during his tenure	Meetings attended
Shri G.P. Gupta, Chairman of the Committee (upto 29.01.2009)	6	5
Dr. R.K. Pachauri (upto 29.01.2009)	6	1
Shri M.I. Beg (upto 29.01.2009)	6	6
Shri Rajesh Verma*	6	-
Shri P.K. Sengupta (w.e.f. 16.09.2008)	3	3
Shri K. Dharmarajan (w.e.f. 19.02.2009)	NA#	NA#
Shri Shanti Narain (w.e.f. 19.02.2009)	NA#	NA#
Shri Kanwal Nath (w.e.f. 19.02.2009)	NA#	NA#

# No meeting was held ever since the Director was nominated on the Committee

Shri G.P.Gupta, part time non-official Director chaired five meetings out of six meetings of Audit Committee held during the year 2008-09. One of the Meetings of Audit Committee was chaired by Shri M.I. Beg, part-time non-official Director, who also attended the Annual General Meeting of the Company as the Chairman of the Audit Committee to answer the queries of the shareholders.

Director (Finance) and Head of Internal Audit were present in all Audit Committee Meetings held during the year under review as invitees as per requirement of Listing Agreement.

#### **3.2 SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

The Company has constituted 'Shareholders / Investors Grievance Committee'.

#### **Scope of the Committee**

This Committee looks into redressal of Shareholders' and Investors' complaints like delay in transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividend etc. as well as complaints/grievances of the Bondholders.

#### **Constitution**

The Committee has been constituted with the membership of:

- One Nominee Director of Ministry of Power represented on the Board of NTPC
- Director (Finance), NTPC
- Director (HR) or Director (Technical), NTPC and
- One Independent Director.



### Composition

As on 31<sup>st</sup> March 2009, this committee comprised the following Directors:

Shri Rajesh Verma*	Government Nominee
Shri A.K. Singhal	Director (Finance)
Shri R.C. Shrivastav	Director (HR)
Shri A.K. Sanwalka (w.e.f. 19.02.2009)	Independent Director

### Meeting and Attendance

Three meetings of the Shareholders / Investors Grievance Committee were held during the financial year 2008-09 on August 18, December 31, 2008 and March 23, 2009.

Members of Shareholders/Investors Grievance Committee	Meetings held	Meetings attended
Shri Rajesh Verma*	3	3
Shri A.K. Singhal	3	3
Shri R.C. Shrivastav	3	2
Shri A.K. Sanwalka	1	1

### Name and designation of Compliance Officer

Shri A.K. Rastogi, Company Secretary is the compliance officer in terms of Clause 47 of the Listing Agreement.

### Investor Grievances

During the financial year ending 31<sup>st</sup> March 2009, Company has attended its investor grievances expeditiously except for the cases constrained by disputes or legal impediments. The details of the complaints received during the year are as under:

Particulars	Opening Balance	Received	Resolved	Pending
SEBI / Stock Exchange complaints	NIL	53	52	1
Other IPO related complaints	NIL	137	137	0
Other Dividend related complaints	5	7536	7536	5
Total	5	7726	7725	6

Investor complaints shown pending as on March 31, 2009 have been attended subsequently.

### Number of pending share transfers

As on March 31, 2009, no share transfer request was pending. Share Transfers have been effected during the year well within the time prescribed by the Stock Exchanges and a certificate to this effect duly signed by a Practicing Company Secretary has been furnished to Stock Exchanges.

### Pro-active investor friendly measure – Going beyond regulations

The Company has more than 9.33 lac shareholders at the close of March 2009 with 99% as the resident individuals. Continuous efforts are being made to enlarge the number of locations for payment of dividend through Electronic Clearing System (ECS) by educating shareholders to opt for payment of dividend under ECS.

The Companies Act, 1956 provides for transfer of unpaid dividend(s) to Investor Education and Protection Fund after 7 years from the date they become due for payment. Recognising the fact that dividend rightfully belongs to our shareholders, the Company embarked upon an elaborate methodology in collaboration with Share Transfer Agent and dividend bank to directly credit the accounts of bonafide shareholders with dividend amounts remaining unpaid for years.

This exercise was carried out with utmost caution to benefit shareholders who could not deposit their dividend warrants issued successively by the Company under various dividend payments post listing. Under this proactive investor friendly measure, the company credited by way of direct payments and ECS, unpaid dividend amounting to Rs. 12.3 million covering 49373 dividend warrants.

### 3.3 COMMITTEE ON MANAGEMENT CONTROLS

On being conferred enhanced autonomy by the Government of India under 'Navratna Guidelines', this committee was constituted for establishing transparent and effective system of internal monitoring. This Committee, inter alia, reviews the Management Control Systems, significant deviations in project implementation and construction, operation and maintenance budgets, etc.

As on March 31, 2009, the committee comprised the following Directors:

Shri Rajesh Verma*	Government nominee
Shri Chandan Roy	Director (Operations)
Shri A.K. Singhal	Director (Finance)
Dr. M. Govinda Rao	Independent Director

### 3.4 CONTRACTS SUB-COMMITTEE

This Committee has been constituted for approval of award of contracts of value exceeding Rs. 25 crore but not exceeding Rs.100 crore and consultancy assignments exceeding Rs. 2 crore each. As on March 31, 2009, the Committee for Contracts comprised the following members:

Shri R.S. Sharma	Chairman & Managing Director
Shri Rajesh Verma*	Government Nominee
Shri R.K. Jain	Director (Technical)
Shri V.P. Joy	Government Nominee
Shri A.K. Singhal	Director (Finance)
Shri K.B. Dubey	Director (Projects)



### 3.5 PROJECT SUB-COMMITTEE

The Project Committee examines and makes recommendations to the Board on proposals for investment in New/Expansion Projects and Feasibility Reports of new projects. As on 31st March 2009, the Committee comprised the following members:

Shri R.S. Sharma	Chairman & Managing Director
Shri Chandan Roy	Director(Operations)
Shri R.K. Jain	Director (Technical)
Shri A.K. Singhal	Director (Finance)
Shri K.B. Dubey	Director (Projects)
Shri Rajesh Verma*	Government Nominee
Shri V.P. Joy	Government Nominee
Shri M.N. Buch	Independent Director
Shri I.J. Kapoor	Director (Commercial)

\* Shri Rajesh Verma has ceased to be Director on the Board of NTPC w.e.f. 26.03.2009. Consequently, he ceased to be the member of above Committees.

### 3.6 INVESTMENT/CONTRIBUTION COMMITTEE

The terms of reference of Investment/Contribution Committee of the Board is for deployment of surplus funds as per Govt. Guidelines issued from time to time, and acceptance of Bonds/Debt Instruments in lieu of settled dues with State Electricity Boards or State Transmission Companies and deciding terms and conditions thereof. This committee also approves contribution/donation for national, public, benevolent or charitable cause, purpose or object or other funds not directly related to the business of the company or welfare of its employees between Rs. 5 lakh to Rs. 20 lakh subject to maximum limit of Rs. 1 crore in a year.

As on 31st March 2009, the Committee comprised the following Members:

Shri R.S. Sharma	Chairman & Managing Director
Shri Chandan Roy	Director(Operations)
Shri A.K. Singhal	Director (Finance)

In case of investment of funds and contribution matters Director (HR) and in case of Commercial matters Director (Commercial) are co-opted in the meeting.

### 3.7 COMMITTEE FOR ALLOTMENT AND POST-ALLOTMENT ACTIVITIES OF NTPC'S SECURITIES

The Committee has been constituted for Allotment and Post-allotment activities of Company's Securities. The scope of work of this committee is allotment, issue of Certificate/Letter of allotment, transfer, transmission, re-materialisation, issue of duplicate certificates, consolidation/split of NTPC's domestic and foreign Securities. As on 31st March 2009, the Committee comprised the following Members:

Shri A.K. Singhal	Director (Finance)
Shri Chandan Roy	Director (Operations)
Shri R.C. Shrivastav	Director (HR)

### 3.8 REMUNERATION COMMITTEE/REMUNERATION OF DIRECTORS

Our Company, being a Central Public Sector Undertaking, the appointment, tenure and remuneration of Directors are decided by the President of India. Hence, the Board does not decide remuneration of the Directors. Therefore, the remuneration committee is not constituted in the Company. Independent Directors are paid only sitting fees at rate fixed by the Board within the ceiling fixed under the Companies Act, 1956 and approved by the Government for attending the Board Meetings as well as Committee Meetings.

Details of remuneration of functional Directors of the company:

(in Rupees)

Sl	Name of the Director	Salary	Benefits	Bonus/Commission	Performance Linked Incentives	Total
1	Shri R.S. Sharma	13,36,078.00	3,78,866.00	0.00	3,63,966.00	20,78,942.00
2	Sh. Chandan Roy	9,77,417.00	4,13,878.00	0.00	3,61,001.00	17,52,296.00
3	Shri R.K. Jain	11,44,757.00	3,82,866.00	0.00	3,55,425.00	18,83,048.00
4	Shri A.K. Singhal	13,10,207.00	2,08,205.00	0.00	3,59,721.00	18,78,133.00
5	Shri R.C. Shrivastav	15,06,225.00	4,06,881.00	0.00	3,67,792.00	22,80,898.00
6	Shri K.B. Dubey	14,13,556.00	3,76,471.00	0.00	3,62,457.00	21,52,484.00
7	Shri I.J. Kapoor*	3,14,640.00	71,853.00	0.00	15,972.00	4,02,465.00
8	Sh. T. Sankaralingam (upto 30.04.2008)	9,31,985.00	4,63,848.00	0.00	3,06,538.00	17,02,371.00*

\* Shri I.J. Kapoor has taken over charge with effect from 26.12.2008. Hence, the period considered for his remuneration is 26.12.2008 to 31.03.2009

\$ Including retirement benefits



Performance linked incentives paid is based on the incentive scheme of the company.

Details of payments towards sitting fee to Independent Directors during the year 2008-09 are given below:

(in Rupees)

Name of Part-time non-official Directors	Sitting Fee		Total
	Board Meeting	Committee Meeting	
Dr. R.K. Pachauri (upto 29.01.2009)	40,000	10,000	50,000
Prof. Ashok Misra (upto 29.01.2009)	85,000	35,000	1,20,000
Shri G.P. Gupta (upto 29.01.2009)	95,000	85,000	1,80,000
Shri M.I. Beg (upto 29.01.2009)	1,75,000	1,60,000	3,35,000
Shri M.N. Buch (from 26.08.2008)	1,55,000	15,000	1,70,000
Shri Shanti Narain (from 26.08.2008)	1,55,000	-	1,55,000
Shri P.K. Sengupta (from 26.08.2008)	1,55,000	45,000	2,00,000
Shri K. Dharmarajan (from 26.08.2008)	1,40,000	-	1,40,000
Dr. M. Govinda Rao (from 26.08.2008)	1,25,000	15,000	1,40,000
Shri Kanwal Nath (from 30.01.2009)	30,000	-	30,000
Shri Adesh Jain (from 30.01.2009)	30,000	-	30,000
Shri A.K. Sanwalka (from 30.01.2009)	30,000	15,000	45,000
Shri Santosh Nautiyal (from 30.01.2009)	30,000	-	30,000

#### 4. GENERAL BODY MEETINGS

##### Annual General Meeting

Date, time and location where the last three Annual General Meetings were held are as under:

Date & Time	September 19, 2006	September 12, 2007	September 17, 2008
Time	11.30 A.M.	11.30 A.M.	11.30 A.M.
Venue	NDMC Indoor Stadium, Talkatora Garden, New Delhi – 110 001	Air Force Auditorium, Subroto Park, New Delhi – 110 010	Air Force Auditorium, Subroto Park, New Delhi – 110 010
Special Resolution	NIL	NIL	Increase in Borrowing Powers of the Board upto Rs.1,00,000 crore and authority to the Board for mortgaging the assets of the company.

##### Special Resolution passed through Postal Ballot

No Resolution has been passed through Postal Ballot during the year.

No special resolution is proposed to be passed through Postal Ballot at the Annual General Meeting.

#### 5. DISCLOSURES

The transactions with related parties contain (i) payment to companies under Joint Venture Agreement and on account of contracts for works/ services, (ii) remuneration to key management personnel and (iii) equity contribution, which are not in nature of potential conflicts with interest of the company at large. Details of related party transactions are included in the Notes to the Accounts (Schedule 26) as per Accounting Standard (AS) -18 in Companies (Accounting Standards) Rules, 2006.

The company has complied with all the requirements of the Listing Agreement with Stock Exchange as well as Regulations and Guidelines prescribed by SEBI. There were no penalties or strictures imposed on the company by any statutory authorities for non-compliance on any matter related to capital markets, during the last three years.

The Company has adopted all suggested items to be included in the Report on Corporate Governance. Information on adoption (and compliance) / non-adoption of the non-mandatory requirements is at Annex-1.

##### CEO/CFO Certification

As required by Clause 49 of the Listing Agreement(s), the certificate duly signed by Shri R.S. Sharma, Chairman & Managing Director and Shri A.K. Singhal, Director (Finance) was placed before the Board of Directors at the meeting



held on May 22, 2009 and is annexed to the Corporate Governance Report.

## 6. MEANS OF COMMUNICATION

The Company communicates with its shareholders through its Annual Report, General Meetings and disclosures through web site.

The Company also communicates with its institutional shareholders through a combination of analysts briefing and individual discussions as also participation at investor conferences from time to time. Annual analysts and investors meets are held during the month of August where Board of the Company interacts with the investing community. Financial results are discussed by way of conference calls regularly after the close of each quarter.

Information and latest updates and announcement regarding the company can be accessed at company's website: [www.ntpc.co.in](http://www.ntpc.co.in) including the following:-

- Quarterly/Half-yearly/Annual Financial Results
- Shareholding Pattern
- Transcripts of conferences with analysts
- Corporate disclosures made from time to time to Stock Exchanges
- Corporate Filing & Disemmination System (CFDS)

### Quarterly Results

Newspapers	Date of publication of results for the quarter ended		
	30.06.2008	30.09.2008	31.12.2008
Financial Express	30.07.2008	25.10.2008	25.01.2009
Jansatta	30.07.2008	25.10.2008	25.01.2009
Hindustan Times	30.07.2008	25.10.2008	25.01.2009
Business Line	-	26.10.2008	25.01.2009

These results are also displayed at Company's website [www.ntpc.co.in](http://www.ntpc.co.in)

### Official Releases and Presentations

The Company's official news releases, other press coverage, presentations made to institutional investors or to the analysts are also hosted on the website.

In order to make the general public aware of the achievements of the company, a press conference is held after the close of the financial year where the highlights of the company for the year are briefed to the Press for information of the stakeholders with intimation to the Stock Exchanges.

## 7. CODE OF CONDUCT

The Board of Directors has laid down separate Code of Conduct - one for Board Members and the other for Senior Management Personnel in alignment with Company's Vision

and Values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. A copy of the Code of Conduct is available at the website of the Company.

### Declaration as required under clause 49 of the listing Agreement

All the members of the Board and Senior Management Personnel have affirmed compliance of the Code of Conduct for the financial year ended on March 31, 2009.

New Delhi

(R.S. Sharma)

May 15, 2009

Chairman & Managing Director

## 8. Code of Insider Trading

In pursuance of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Board has laid down "Code of Conduct for Prevention of Insider Trading" with the objective of preventing purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Insiders (Officers, Designated Employees and their dependents) are prevented to deal in the Company's shares during the closure of Trading Window. To deal in Securities beyond limits specified, permission of Compliance Officer is required. All Directors/Officers/Designated Employees are also required to disclose related information periodically as defined in the Code, which in turn is being forwarded to Stock Exchanges, wherever necessary. Company Secretary has been designated as Compliance Officer for this Code.

In line with the amendments in the Insider Trading Regulations through Securities Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2008, the Company has modified the "Code of Conduct for Prevention of Insider Trading" during the year.

## 9. SHAREHOLDERS' INFORMATION

### i) Annual General Meeting

Date : September 17, 2009

Time : 11.00 a.m.

Venue : Air Force Auditorium,  
Subroto Park, New Delhi - 110 010

### ii) Financial Calendar for FY 2009-10

Particulars	Date
Accounting Period	April 1, 2009 to March 31, 2010
Unaudited Financial Results for the first three quarters	Announcement within a month from the end of each quarter
Fourth Quarter Results	Announcement of Audited Accounts on or before June 30, 2010
AGM (Next year)	September 2010 (Tentative)

**iii) Book Closure**

The Register of Members and Share Transfer Books of the Company will remain closed from September 5, 2009 to September 17, 2009 (both days inclusive).

**iv) Payment of Dividend**

The Board of Directors of the Company has recommended payment of a final Dividend of Rs. 0.8 per share (8% on the paid-up share capital) for the financial year ended March 31, 2009 in addition to the Interim Dividend of Rs. 2.8 per share (28% on the paid-up share capital) paid on February 13, 2009 (Dividend paid in Previous Year is Rs. 28859.12million).

The record date for the payment of Dividend is September 4, 2009.

**v) Dividend History**

Year	Total paid-up capital (Rs. in crore)	Total amount of dividend paid (Rs. in crore)	Date of AGM in which dividend was declared	Date of payment
2003-04	7812.55	1082.30	29.07.2004	30.07.2004
2004-05	8245.46	1978.93	12.02.2005*	10.03.2005
			23.09.2005	27.09.2005
2005-06	8245.46	2308.73	30.01.2006*	27.02.2006
			19.09.2006	23.09.2006
2006-07	8245.46	2638.55	31.01.2007*	14.02.2007
			12.09.2007	25.09.2007
2007-08	8245.46	2885.91	30.01.2008*	13.02.2008
			17.09.2008	03.10.2008
2008-09	8245.46	2308.73	24.01.2009*	13.02.2009

\* Date of Board Meeting

**vi) Listing on Stock Exchanges**

NTPC equity shares are listed on the following Stock Exchanges:

National Stock Exchange of India Limited	Bombay Stock Exchange Limited
Scrip Code: NTPC EQ	Scrip Code: 532555

Stock Code : ISIN – INE733E01010

**vii) Market Price Data – NSE**

Month	High (Rs.)	Low (Rs.)	Closing(Rs.)
April' 08	202.90	182.00	196.75
May' 08	202.90	168.10	172.35
June' 08	173.55	148.00	151.90
July' 08	196.90	150.00	170.35
August' 08	189.75	166.35	174.90
Sept' 08	192.00	159.00	171.90
October' 08	183.90	113.00	141.10
Nov' 08	166.40	130.40	159.45
Dec' 08	192.00	151.20	180.60
January' 09	193.10	165.25	189.65
February' 09	189.50	171.10	185.00
March' 09	186.90	167.25	179.85

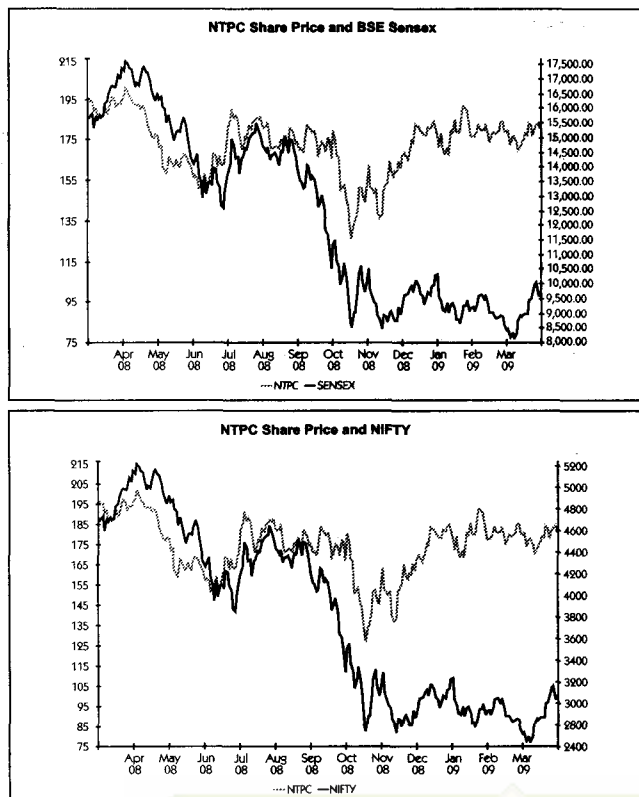
**viii) Market Price Data – BSE**

Month	High (Rs.)	Low (Rs.)	Closing(Rs.)
April' 08	203.25	183.60	196.75
May' 08	203.50	168.30	172.25
June' 08	174.00	148.75	151.65
July' 08	197.90	150.70	170.45
August' 08	189.50	166.40	175.20
Sept' 08	194.00	159.00	171.75
October' 08	183.80	113.00	140.55
Nov' 08	166.45	130.00	159.60
Dec' 08	185.20	151.20	181.00
January' 09	192.90	165.50	189.50
February' 09	189.40	170.60	184.20
March' 09	186.95	167.30	180.20





### ix) Performance in comparison to indices



### x) Registrar and Share Transfer Agent

Karvy Computershare Pvt. Ltd  
Plot No.17 to 24,  
Viththalrao Nagar  
Madhapur  
Hyderabad-500081  
Tel No.: 91 40 23420818  
Fax No.: 91 40 23420814  
E-mail: mailmanager@karvy.com

### xi) Share Transfer System

Entire share transfer activities under physical segment are being carried out by Karvy Computershare Private Limited. The share transfer system consists of activities like receipt of shares along with transfer deed from transferees, its verification, preparation of Memorandum of transfers, etc. Shares transfers are approved by Sub-Committee of the Board for Allotment and Post-Allotment activities of NTPC's Securities.

Pursuant to clause 47-C of the Listing Agreement with Stock Exchanges, certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary have been submitted to Stock Exchange within stipulated time.

### xii) Distribution of Shareholding

Shares held by different categories of shareholders and according to the size of holdings as on 31<sup>st</sup> March 2009 are given below:

#### According to Size

##### a. Distribution of shareholding according to size, % of holding as on March 31, 2009:

Number of shares	Number of share holders	% of share holders	Total No. of shares	% of shares
1-5000	930709	99.73	170202061	2.06
5001-10000	1193	0.13	8564688	0.10
10001-20000	473	0.05	6838722	0.08
20001-30000	167	0.02	4084662	0.06
30001-40000	87	0.01	3024355	0.04
40001-50000	77	0.01	3457809	0.04
50001-100000	160	0.02	11569570	0.14
100001 and above	381	0.03	8037722533	97.48
Total	933247	100%	8245464400	100%

##### b. Shareholding pattern as on March 31, 2009

Category	Total no. of shares	% to Equity
GOI	7379634400	89.50
FIs	297078917	3.60
Indian Public	179738461	2.18
Banks & FI	231213797	2.81
Private Corp. Bodies	99788139	1.21
Mutual Funds	50231251	0.61
NRI/OCBs	4536360	0.05
Others	3243075	0.04
Total	8245464400	100.00

##### c. Major Shareholders

Details of Shareholders holding more than 1% of the paid-up capital of the Company as on March 31, 2009 are given below:

Name of Shareholder	No. of Shares	% to Paid-up Capital	Category
Government of India	7379634400	89.50	Government

**xiii) Dematerialisation of Shares**

The shares of the Company are in compulsory dematerialised segment and are available for trading system of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL).

Secretarial Audit Report for reconciliation of the share capital of the Company obtained from Practicing Company Secretary has been submitted to Stock Exchange within stipulated time.

**No. of shares held in dematerialized and physical mode**

	No. of shares	% of total capital issued
Held in dematerialized form in CDSL	37315780	0.45
Held in dematerialized form in NSDL	8208051465	99.55
Physical	97155	0.00
Total	8,24,54,64,400	100.00

**The names and addresses of the Depositories are as under:**

1. National Securities Depository Ltd.  
Trade World, 4<sup>th</sup> Floor  
Kamala Mills compound  
Senapathi Bapat Marg,  
Lower Parel, Mumbai-400 013
2. Central Depository Services (India) Limited  
Phiroze Jeejeebhoy Towers  
28<sup>th</sup> Floor, Dalal Street, Mumbai-400 023

**xiv) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity**

No GDRs/ADRs/Warrants or any Convertible instruments has been issued by the Company

**xv) Number of Shares held by the Directors as on March 31, 2009**

Directors	No. of shares
Shri R.S. Sharma	2304
Shri Chandan Roy	14516
Shri R.K. Jain	369
Shri A.K. Singhal	10329
Shri R.C. Shrivastav	2304
Shri K.B. Dubey	3180

Shri I.J. Kapoor	4608
Shri V.P. Joy	NIL
Shri M.N. Buch	NIL
Shri Shanti Narain	NIL
Shri P.K. Sengupta	NIL
Shri K. Dharmarajan	NIL
Dr. M. Govinda Rao	NIL
Shri Adesh Jain	700
Shri Kanwal Nath	NIL
Shri A.K. Sanwalka	NIL
Shri Santosh Nautiyal	NIL

**xvi) Locations of NTPC plants****National Capital Region (NCR-HQ)****Thermal Power Stations**

- i) Badarpur Thermal Power Station- Badarpur, New Delhi
- ii) National Capital Thermal Power Project- Distt. Gautum Budh Nagar, Uttar Pradesh

**Gas Power Stations**

- i) Anta Gas Power Project – Distt. Baran, Rajasthan
- ii) Auraiya Gas Power Project – Distt. Auraiya, Uttar Pradesh
- iii) Faridabad Gas Power Project – Distt. Faridabad, Haryana
- iv) National Capital Power Project- Distt. Gautum Budh Nagar, Uttar Pradesh

**Eastern Region (ER-HQ)- I Head Quarter****Thermal Power Stations**

- i) Barh Super Thermal Power Project- Distt. Patna, Bihar
- ii) Farakka Super Thermal Power Station – Distt. Murshidabad, West Bengal
- iii) Kahalgaon Super Thermal Power Project- Distt. Bhagalpur, Bihar
- iv) North Karanpura Super Thermal Power Project – Hazaribagh, Jharkhand

**Eastern Region (ER-HQ)- II Head Quarter****Thermal Power Stations**

- i) Talcher Super Thermal Power Station- Distt. Angul, Orissa
- ii) Talcher Thermal Power Station- Distt. Angul, Orissa
- iii) Bongaigaon Thermal Power Project, Distt. Kokrajhar, Assam.

**Northern Region (NR-HQ)****Thermal Power Stations**

- i) Feroze Gandhi Unchahar Thermal Power Station – Distt.



- Raebareli, Uttar Pradesh
- ii) Rihand Super Thermal Power Project – Distt. Sonbhadra, Uttar Pradesh
  - iii) Singrauli Super Thermal Power Station- Distt. Sonbhadra, Uttar Pradesh
  - iv) Tanda Thermal Power Station- Distt. Ambedkar Nagar, Uttar Pradesh

#### Southern Region (SR-HQ)

##### Thermal Power Stations

- i) Ramagundam Super Thermal Power Station- Distt. Karimnagar, Andhra Pradesh
- ii) Simhadri Super Thermal Power Project- Vishakapatnam, Andhra Pradesh

##### Gas Power Stations

- i) Rajiv Gandhi Combined Cycle Power Project – Distt. Alappuzha, Kerala

#### Western Region (WR-HQ)

##### Thermal Power Stations

- i) Korba Super Thermal Power Station- Distt. Korba, Chhattisgarh
- ii) Sipat Super Thermal Power Project-Distt. Bilaspur, Chhattisgarh
- iii) Vindhyachal Super Thermal Power Station- Distt. Sidhi, Madhya Pradesh
- iv) Solapur Super Thermal Power Project – Solapur, Maharashtra
- v) Mouda Super Thermal Power Project – Nagpur, Maharashtra

##### Gas Power Stations

- i) Jhanor Gandhar Gas Power Project- Distt. Bharuch, Gujarat
- ii) Kawas Gas Power Project- Aditya Nagar, Surat, Gujarat

#### HYDRO PROJECTS

- i) Koldam Hydro Power Project – Distt. Bilaspur, Himachal Pradesh
- ii) Tapovan – Vishnugad Hydro Power Project – Distt. Chamoli, Uttarakhand
- iii) Loharinag- Pala Hydro Power Project- Distt. Uttarkashi, Uttarakhand
- iv) Etalin & Attunli Hydro Power Project – Distt. Lohit, Tezu, Arunachal Pradesh
- v) Rupsiyabagar Khasiabara Hydro Power Project – Distt. Pithoragarh, Uttarakhand

#### JOINT VENTURE POWER PROJECTS

- i) Rourkela CPP-II - Distt. Sundargarh, Orissa
- ii) Durgapur CPP-II - Distt. Burdwan, West Bengal

- iii) Bhilai CPP - Bhilai (East), Chattisgarh
- iv) Ratnagiri Power Project - Distt. Ratnagiri, Maharashtra
- v) Vallur Thermal Power Project – Chennai, Tamil Nadu
- vi) Indira Gandhi Super Thermal Power Project - Distt. Jhajjar, Haryana
- vii) Meja Super Thermal Power Project – Tehsil Meja, Allahabad
- viii) New Nabinagar Super Thermal Power Project – Nabinagar, Bihar

#### POWER PROJECTS UNDER SUBSIDIARY COMPANIES

##### Thermal Power Projects

- i) Muzaffarpur Thermal Power Station, Muzaffarpur, Bihar
- ii) Nabinagar Thermal Power Project, Nabinagar, Bihar (in JV with Railways)

##### Hydro Power Projects

- i) Lata Tapovan Hydro Power Projects – Distt. Chamoli, Uttarakhand
- ii) Rammam Hydro Project – III- Distt. Darjeeling, West Bengal

#### xvii) Address for correspondence:

NTPC Bhawan, SCOPE Complex  
7, Institutional Area, Lodi Road,  
New Delhi – 110003

The phone numbers and e-mail reference for communication are given below:

	Telephone No.	Fax No.
Registered Office	2436 0100	2436 1018
Investor Services Department	2436 7072	2436 1724
E-mail id	isd@ntpc.co.in	
Public Spokesperson Mr. K. Sivakumar Executive Director (Finance)	2436 9335	24365742
E-mail id	ksivakumar@ntpc.co.in	
Company Secretary Mr. Anil Kumar Rastogi	2436 0071	2436 0241
E-mail id	akrastogi@ntpc.co.in	

As per Circular of Securities & Exchange Board of India dated 22.01.2007, exclusive e-mail id for redressal of investor complaints is [isd@ntpc.co.in](mailto:isd@ntpc.co.in).

For and on behalf of Board of Directors

**R Sharma**

(R.S. Sharma)

Chairman & Managing Director

Place: New Delhi  
Date: 22.05.2009



**ANNEX-1****Non – Mandatory Requirements**

Besides the mandatory requirements as mentioned in preceding pages, the status of compliance with non-mandatory requirements of Clause 49 of the Listing Agreement is provided below:

1. **The Board:** The Company is headed by an executive Chairman. No Independent Director has been appointed for the period exceeding, in the aggregate, a period of nine years, on the Board of the Company.
2. **Remuneration Committee:** Please refer to para3.8 of this Report.
3. **Shareholder Rights:** The quarterly financial results of the Company are published in leading newspapers as mentioned under heading 'Means of Communication' and also hosted on the website of the Company. These results are not separately circulated. Significant events have been disclosed on the company website: www.ntpc.co.in under "Announcement" in the "Company Performance" section.
4. **Audit Qualification:** It is always Company's endeavour to present unqualified financial statements.
5. **Training to Board Members:** The Board of directors have the responsibility of strategic supervision of the Company and undertake periodic review of various matters including performance of various stations, construction of power projects, capacity expansion programme in line with targets set-up by Ministry of Power, resource mobilisation, etc. In order to fulfil this role, the Board of Directors undergo training from time to time. The Board of Directors are fully briefed on all business related matters, risk assessment and mitigating procedures and new initiatives proposed by the Company. Directors are also briefed on changes/developments in Indian as well as international corporate and industry scenario including those pertaining to the statutes/legislation and economic environment.
7. **Whistle Blower Policy:** The Company has not adopted any separate "Whistle Blower" policy. However, under the provisions of "Fraud Prevention Policy" adopted by the Company, a Whistle Blower mechanism is in place for reporting of fraud or suspected fraud involving employees of the Company as well as representatives of vendors, suppliers, contractors, consultants, service provider or any other party doing any type of business with NTPC. All reports of fraud or suspected fraud are investigated with utmost speed. The mechanism for prevention of fraud is also included in the policy.

**CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION**

We, R.S. Sharma, Chairman & Managing Director and A.K. Singhal, Director (Finance) of NTPC Limited to the best of our knowledge and belief, certify that :

- (a) We have reviewed the balance sheet and profit and loss account (stand alone & consolidated) and all its schedules and notes on accounts and the Cash flow Statement for the year ended March 31, 2009 and to the best of our knowledge and belief :
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the company's various code(s) of conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the company's auditors and the Audit Committee of NTPC's Board of Directors :
  - (i) significant changes, if any, in internal control over financial reporting during the year;
  - (ii) significant changes, if any, in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

New Delhi  
Date : 18.05.09

(A.K. Singhal)  
Director (Finance)

(R.S. Sharma)  
Chairman & Managing Director



## The Members

### NTPC Limited

We have examined the compliance of conditions of corporate governance by NTPC Limited, for the year ended on March 31, 2009 as stipulated in the clause 49 of the Listing Agreements in respect of Equity Shares of the said company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination is limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that, except with regard to the composition of the Board of Directors for part of the year as reported in para 2.2 of Report on Corporate Governance, the Company has complied with the mandatory conditions of Corporate Governance as stipulated in the Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For Varma & Varma  
Chartered Accountants  
(Cherian K. Baby)  
Partner  
M. No. 16043

For Parakh & Co.  
Chartered Accountants  
(Aditya Rawat)  
Partner  
M. No. 71767

For Dass Gupta & Associates  
Chartered Accountants  
(Ashok Kumar Jain)  
Partner  
M. No. 90563

Place: New Delhi  
Date: May 22, 2009

For B.C. Jain & Co.  
Chartered Accountants  
(Ranjeet Singh)  
Partner  
M. No. 73488

For S.K. Mittal & Co.  
Chartered Accountants  
(Gaurav Mittal)  
Partner  
M.No. 99387

For S.K. Mehta & Co.  
Chartered Accountants  
(Rohit Mehta)  
Partner  
M. No. 91382



## **PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988:**

### **A. CONSERVATION OF ENERGY**

#### **a) Energy conservation measures taken :**

Some of the important energy conservation measures taken during the year 2008-2009 in different areas are as under:

#### **ENERGY AUDITS**

During the year 2008-09, 104 in-house energy audits in the areas of auxiliary power consumption, water balance, cooling water system, compressed air, coal handling plant, MGR, Lub Oil System, Air Conditioning, Ash handling system, GT Compressors, GT open cycle efficiency, WHRB performance, lighting etc. were carried out at different stations of NTPC. During the year, NTPC has successfully completed external energy audit of combined cycle power plant of Puducherry Power Corporation, Puducherry.

Till now 194 executives of NTPC have passed Energy Auditors Examination of Bureau of Energy Efficiency to become Certified Energy Auditors / Managers.

The details of various measures taken during the year under various heads of energy conservation are as below:-

#### **AUXILIARY POWER CONSUMPTION**

Replacement of inefficient BFP cartridges, overhauling of BFPs and attending of recirculation valves of BFPs at Korba, Vindhyachal, Kawas, Kahalgaon, Dadri Gas, Dadri Coal, Kayamkulam, etc, Application of efficiency improvement coating on cooling water pump internals at Kawas, Draft power reduction by attending flue gas duct, air duct, APH seal adjustment and reducing PA header pressure at Tanda, Vindhyachal, Talcher Kaniha, Kahalgaon, Badarpur, Dadri Coal, Unchahar etc, Coal mill liner replacements, mill overhauling to reduce specific power consumption at Vindhyachal, Rihand, Singrauli, Unchahar, etc, Installation of FRP blades in HVAC cooling towers and Fin fan Coolers at Kawas, Optimized running of LPBFP/ HPBFP at Auraiya, Gandhar, etc Optimization of operation of CW pumps, ARCW pumps & Cooling Tower Fans at Anta, Tanda, Vindhyachal, Talcher Kaniha, Korba, Rihand, Auraiya, Singrauli, Simhadri, Kahalgaon, etc., Optimizing ash - water ratio at Talcher Kaniha, Running of efficient ash water recirculation pumps in place of inefficient pumps at Talcher Kaniha, Reduction in pressure setting of compressed air at Faridabad, Maintaining optimum DP across Feed Regulating Station at Korba, Reduced running of Fly ash water pumps, HP/LP water pumps at Kahalgaon, Dadri coal, Rihand, Singrauli, etc, External cleaning of Heat exchangers by steam jetting at Kawas, Replacement of standard motors with energy efficient motors at Kawas, Optimizing ESP power through charge ratio at Badarpur, External cleaning of boiler for efficiency improvement at Dadri gas, are some of the measures taken to reduce APC.

#### **LIGHTING**

Installation of timer switches in plant and township lighting at Simhadri, Replacement of conventional GLS lamps and conventional FTLs with CFLs at Kawas, Badarpur, Kahalgaon, Singrauli etc, Lighting voltage optimization by tap adjustment at Ramagundam, Optimising lighting load at Gandhar, Installation of energy savers in lighting circuits at Badarpur, Unchahar etc

#### **HEAT ENERGY**

Repair of Thermal Insulation and cladding at Talcher Kaniha, Unchahar, Faridabad, etc, Reduction of boiler flue gas exit temp by adopting chemical cleaning of boilers at Ramagundam, Replacement of HP heaters and arresting passing at Korba and Singrauli, Cleaning of Boiler with ammonia/CO<sub>2</sub> at Auraiya.

#### **FUEL OIL**

FSSS Logic for ignition support modification at Simhadri

#### **LUBRICANTS**

Adoption of best practices, attending lub oil leakages and changing/topping up oil on actual condition basis at Singrauli, Recycling of used up oils for reuse at Korba.

#### **DM WATER**

Reuse of uncontaminated SWAS drains at Kawas.



### MISCELLANEOUS WATER

Diversion of cooling water to service water for reuse at Unchahar, Recycling of water used for dust suppression system at Korba, Recirculation of Ash water at Korba, Reducing leakages in raw water lines and Ash water return line at Talcher Kaniha, Reuse of rinse water & blow down water for horticulture at Gandhar, Reuse of Compressor, coal crusher clarified cooling water at Korba

b) Additional investments and proposals for reduction in consumption of energy:

Provision of Rs.689 lacs has been kept in BE 2009-10 for different energy conservation schemes like:

- On-Line Energy Management System and Variable Frequency Drives
- Vapor absorption system for Air Conditioning
- Energy efficient devices in lighting.

c) Impact of measures taken for energy conservation:

Savings achieved during 2008-2009 on account of specific efforts for energy conservation:-

S.No	Area/Activities	Energy Unit	Savings Qty. of units	Rs. (Million)
1	Electrical	MU	206.37	325.56
2.a	Heat Energy (equivalent MT of coal)	MT	57249	88.14
2.b	Heat Energy (equivalent MCM of Gas)	MCM	1.691	7.61
2.c	Fuel Oil	KL	200	7.00
3.a	D.M. Water	MT	6000	0.12
3.b	Miscellaneous Water	M.Cu M	32.73	67.31
4	Lubricants	KL	35.59	2.28
	<b>Grand Total</b>			<b>498.02</b>

Savings achieved during 2007-08 : Rs. 490.20 Million

### B. TECHNOLOGY ABSORPTION

Efforts made towards technology as per Form-B (Form-B is enclosed)

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to export initiative taken to increase export, development of new export markets for products and services and export plan:

Total Foreign Exchange Used/Earned	Rs. (Million)
1. Foreign Exchange Outgo	
a) Value of Imports calculated on CIF basis:	
Capital Goods	10386
Spare Parts	919
b) Expenditure:	
Professional and Consultancy Charges	24
Interest	4067
Others	601
2. Foreign Exchange Earned	
Consultancy	21
Interest	14
Others	1

## FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY

### 1.0 Specific areas in which NETRA activities have been carried out during 2008 - 09:

- 1.1 Modeling of variable coal orifice for coal flow optimization
- 1.2 Lab scale development of technique to determine steam water ratio (online) in boiler tubes
- 1.3 Modeling and simulation of ID fan loading through extraction of moisture from flue gases
- 1.4 Studies on near zero liquid discharge from Faridabad station
- 1.5 Development of Robotic crawler for inspection of Boiler Water Wall
- 1.6 Development of Low grade heat recovery process and system for refrigeration / air-conditioning.
- 1.7 Development of Multi component Ammonia Liquor Absorption Engine (MALAE) process and System for low grade heat recovery
- 1.8 Development of Artificial intelligence based plant advisory system
- 1.9 Development of Boiler CFD model
- 1.10 Development of Ionic membrane for CO<sub>2</sub> capture
- 1.11 Development of Pressure Swing Absorption based CO<sub>2</sub> capture
- 1.12 Development of CO<sub>2</sub> to methane conversion
- 1.13 Development of Flue Gas Conditioning technologies
- 1.14 Failure analysis of PA fan blades at Simhadari; LP Turbine blades, Badarpur; MGR rail, Farakka; Boiler tube leakage, Singrauli; Compressor blade, Dabhol
- 1.15 Extending safe operation of super heater headers
- 1.16 Actions have been initiated for chemically cleaning the fouled PVC fills of cooling towers
- 1.17 Investigation of severe foaming in cooling waters & organic contamination in DM water
- 1.18 Post operational chemical cleaning of boiler tubes of # 3 Farakka, # 3 Singrauli, # 1 Vindhyachal, # 3 Tanda, # 3 Ramagundam and # 1 Unchahar were carried out successfully under the total supervision and guidance of NETRA.
- 1.19 Environmental Appraisal of 20 stations were carried out and corrective actions have been taken by the stations based on the appraisal
- 1.20 Investigations on choking of NO<sub>x</sub> filters and poor quality of DM water. Corrective measures have been adopted by the station resulting in improvement.
- 1.21 Development of chemical cleaning procedure to prevent acid dew point corrosion, using Magnesium Hydroxide on HRSG surfaces.
- 1.22 Corrosion audit of CW system and assessment of cooling water related problems were carried out at Kahalgaon, Talcher Thermal and Talcher Kaniha, Singrauli & Vindhyachal. At Farakka, assessment of condenser fouling was also done in addition to corrosion audit of CW system. Sites were appraised of the findings with recommendations.
- 1.23 Under fact finding work NETRA experts carried out inspection of nozzles, buckets, combustion liners, shrouds etc of GT #2 at Kayamkulam. Necessary recommendations had been sent to site.
- 1.24 Development of ultrasonic testing procedure for detection of service induced defects in ID fan shaft
- 1.25 Health assessment of 12 gas turbines, 6 steam turbines & boilers using advanced NDT techniques.
- 1.26 NETRA is carrying out condition monitoring of around six hundred, 400 KV Class transformers for their health
- 1.27 Over 1300 rotating equipment are being monitored regularly by NETRA for their health assessment through wear debris analysis
- 1.28 NETRA is extending scientific services to various other utilities such as Kota Super Thermal Power Plant, Lehra Mohabat Thermal Power Plant, Jindal Power Limited; Indian Airlines, PSEB, Panipat, MPPGC, RGPPL IP station, Delhi; Chandrapura, DVC; PGCIL, NHPC, Barauni Thermal Power Station, Mathura Refinery works etc for development of chemical treatment program, Coal quality and particle count of contaminants in lube oils, Quality of Cenospheres, health assessment of water wall tubes, testing of transformer oils, examination of replicas, failure investigations, etc
- 1.29 Over 7000 samples of transformer oils, boiler tube deposits, turbine blade deposits, condenser & cooling tower deposits, effluents, waters, etc have been analysed and necessary recommendations have been given.
- 1.30 Indian Institute of Science, Bangalore was appointed as Consultant for Restructuring & Strengthening of R&D Centre. Based on Consultants recommendations R&D and Energy Technology have been integrated into a single entity namely, "NTPC Energy Technology Research Alliance (NETRA)". NETRA has started functioning from Feb. 2009 and R&D laboratories and facilities are in the process of shifting to NETRA Complex at Greater Noida.



## 2.0 Benefits derived as a result of above Research & Technology Development:

NETRA activities as carried out have helped in increasing the availability, reliability and efficiency of the stations. Chemical treatment and corrosion control measures, NDE & life management of plant components, transformer condition assessment etc. are helping the stations in improving the efficiency, availability and life of various critical plant components. Techniques developed by NETRA are implemented at stations, which are enhancing the life of boiler & turbine components.

The timely and scientific failure analysis of various components helped in identifying the cause of failure and thus providing necessary input for taking corrective action in preventing re-occurrence of similar failures thereby increasing the availability of power plant equipment.

## 3.0 FUTURE PLANS

### A. Technology Demonstration / Pilot Plants

1. Development and deployment of Solar HVAC demonstration plant
2. 1 MW Solar Thermal R&D Plant
3. Marine Algae to Bio Fuel
4. Pilot studies for Heat Pipe based Supplementary APH
5. Feasibility report on development of Plasma based Oil less Coal Burners
6. Artificial Neural Network based power plant operation and predictive superheated steam temperature control

### B. Setup of Applied Research Laboratories

1. Robotics
2. Solar Thermal
3. Advanced Computing
4. Computational Fluid Dynamics
5. Preparation of DPR for establishment of other Laboratories of NETRA

### C. Research & Technology Development Projects

1. Design of integrated biodiesel pilot unit for using 80% energy from biofruit instead of existing 15%.
2. Lab scale Design and Development of automated LTSH /Economizer tube surface inspection system
3. Feasibility study of producing methane from raw water, as a supplemental fuel to boiler
4. Development of technique for online monitoring of colloidal silica in steam water cycle
5. Demonstration of Robotic Crawler based Boiler Water Wall inspection system
6. Demonstration of Low grade heat recovery process and system for refrigeration / air-conditioning

NETRA will work on development of techniques for measurement of pollutants such as Mercury, Arsenic, low levels of SO<sub>x</sub>, NO<sub>x</sub>, etc as a proactive approach for more stringent environmental requirements that are anticipated. NETRA will also be working on developing schemes for recycling of waste waters from plants. NETRA will also work on reducing air-preheater seal leakage by deployment of heat pipes for APH

### D. Scientific Services to Power Stations

NETRA will be working on predictive techniques for reducing forced outages such as Advanced Thermal Monitoring and Steam/Water ratio monitoring for reducing boiler tube failures, carrying out comprehensive on-line monitoring of critical rotating equipment, and conducting corrosion audits of power plants, etc. Technology Development & Scientific Support to Stations for:

- i. Reducing overhaul duration and increasing time interval between overhauls
- ii. Reducing forced outages
- iii. Cost Reduction

## 4.0 Expenditure of R&D

(Rs.Millions)

		2008-2009	2007-2008
a)	Capital	12	11
b)	Recurring	81	62
c)	Total	93	73
d)	Total R&D expenditure as a percentage of total turnover	0.0222%	0.0197%



### 5.0 Technology Absorption, Adaptation and Innovation

Particulars of some of the important technology imported during last five (5) years are as follows:

S.No.	Technology	Year	Stations
1.	Performance Analysis, Diagnostics and Optimization Software calculates the Equipment Performance and deviation and deviation from ideal conditions, together with reason for shortfall, indicating losses in Rupee terms. This package also calculates set point, which will result in optimized Heat Rate or Specific Coal consumption.	2004	Implemented in Simhadri will be continued in future Projects.
2	Super critical Technology with 247 Kg/cm <sup>2</sup> Steam Pressure and 540/568 MS/RH steam temperature is adopted for its improvement in thermal efficiency and reduced emission of green house gasses.	2004	Being implemented at Sipat (3x660 MW), Barh (3x660MW) and Barh-II
3	Boiler Flame Analysis System (BFAS) observes the flame intensity and regulates the secondary air flow for achieving optimized combustion.	2005	Implemented in Simhadri.
4	765 KV Switchyard & associated equipments including 24KV/ 765KV Generator Step up (GSU) Transformer.	2005	Being implemented at Sipat
5	Switchyard Control & Data Acquisition (SCADA) System based on universal protocol IEC 61850.	2005	- do -

For and on behalf of the Board of Directors

*R. Sharma*

(R.S. Sharma)

Chairman & Managing Director

Place: New Delhi

Dated: August 1, 2009

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**PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956**

Name	Designation and Nature of duties	Remuneration (Rs.)	Qualification	Date of Commencement of Employment	Exp. (Yrs.)	Age (Yrs.)	Last Employment held	Remarks
1	2	3	4	5	6	7	8	9
<b>Employed for whole of the Year</b>								
Bisht Basant Singh	GM (Hydro Project), CC	2477123	BE (Civil)	17.10.2005	24	53	T.H.D.C. Limited	
Mishra Dharam Deo	DGM (Civil), Barh	2962236	BE (Civil)	24.02.1981	26	60	Gammon India Ltd.	Retired
Sarin Devendra Kumar	AGM (Vig.), CC	2573917	B.Sc., LL.M., MA, Dip(PMIR)	12.09.1985	39	60	ONGC	Retired
Sharma Nand Kishore	ED, CC	2586151	PG Diploma	25.05.1979	30	53	-	
Yadav Hiralal	Sr. Engr. (M.E), Korba	2757575	Diploma in Mech	22.01.1986	23	53		
<b>Employed for part of the Year</b>								
Agarwal Gopal Krishna	ED (HR& PMI), CC	1781534	B.Tech., MS, PGDPM	09.09.2003	36	60	ECIL	Retired
Aggarwal K.K.	Sr. Foreman, BTPS	1107029	10th	01.01.1979	29	60	-	Retired
Babbar Satish Kumar	Asstt. Engg., Consul	1869427	Graduate	16.10.1978	30	58	-	Death
Babu M Ram	Sr. Mgr (Civil), SR-HQ	959782	Dip. In Civil	29.03.1980	28	60	-	Retired
Babu M Surendra	Manager (F), SR-HQ	624445	B.Com	06.04.1982	24	53	-	Resigned
Bandyopadhyay Reeta (Ms)	GM (Contracts), CC	2962757	B.Sc (Engg), PGDBA	26.12.1978	30	60	EIL	Retired
Banerji Ashok Kumar	GM (Business Devlp), CC	2746601	BE(Electt), ME(Electt)	15.07.1981	27	60	BARC	Retired
Basu R.P	SAO, BTPS	473069	B.Com	05.01.1980	28	60	-	Retired
Batra Dinesh	Sr. Manager (CP), CC	311808	B.Sc. (Elect.) MBA	04.09.1986	22	43	JKS Ltd.	Resigned
Bharar Gobind Tekchand	AGM (C&M), CC	2925899	BSc(Engg), MBA	09.09.1983	25	60	BHEL	Retired
Bholanath Karmakar	Manager, Talchar	1203391	LCE	18.03.1983	26	60	-	Retired
Bhullar Surjit Singh	Sr. Manager (HR- ES), CC	2064056	BS (PE)	01.01.1986	35	60	CEA, IRI	Retired
Bishnu	Tech. Gr.III, BTPS	444376	-	01.04.1978	30	60	-	Retired
C.B. Dhingra	Sr. Mgr. (HR), BTPS	751857	MBA, LL.B., PGDBA, DGDPM	16.10.1980	27	60	-	Retired
Chand Lal	A.E., BTPS	1293191	ITI (A/C & Refgn), B.A.	01.04.1978	30	60	-	Retired
Chander Subhash	Sr. Driver Gr. II BTPS	964952	10th	01.04.1978	30	60	-	Retired
Chander Subhash	A.E., BTPS	1032423	ITI (Fitter)	01.04.1978	30	60	-	Retired
Chandra Subhash	CMO, CC	2467000	MBBS, MD	04.01.1979	36	60	RMMC	Retired
Chaturbhuj C.A.	AGM (T.S.), Rihand	2151971	B.E. (Civil)	25.01.1979	30	60	-	Retired
Dass Arjun	Sr. Foreman (Mech), BTPS	395146	ITI Fitter	31.03.1981	27	60	-	Retired
Dev Satya	Sr. Driver, BTPS	442474	9th	01.04.1978	30	60	-	Retired
Dhar Ganga	Sr. A.E., BTPS	1453828	Dip (Mech)	01.04.1978	30	60	-	Retired
Dhusia Mohan Lal	Manager (Comm.), NR-HQ	996048	B.E. Advance Diploma (Mech. Engg.)	29.09.1986	22	60	-	Retired

Dubey T. R	Dy. Manager (F&A), SSTPS	1176996	M. Com.	18.11.1980	30	60	UPSTDCL	Retired
G. Radha Krishan	Sr. Asstt. Gr.I, BTPS	628920	10TH	17.04.1979	29	60	-	Retired
Gandhi Prem Prakash	Sr. Manager (Fin), CC	1556554	B.Sc., CA	10.05.1980	32	60	VHA	Retired
Garg R.K.	Sr. Supdt., BTPS	1518904	B Tech (Elect), PG (Buss. Admn)	28.09.1987	22	46	-	Death
Gattani Ballabh Das	DGM (SRF), Rihand	716988	B.E. (Civil)	18.12.1978	29	58	-	Resigned
Ghosh Pramathe	GM, Consul	2256216	B.E.	24.10.1977	32	60	HSL Bokaro	Retired
Gupta Deep Ranjan	Sr. Manager (HR), CC	987913	MBA, LLB, BA	23.09.1986	27	49	UC Ltd.	Resigned
Gupta Om Prakash	Sr. Material Officers, NR-HQ	1114397	B.A., PG Diploma (Material Mgt.)	01.09.1983	25	60	-	Retired
Gupta Upendra Prasad	DGM (Law), NCR-HQ	1768675	PGDM	02.06.1983	25	60	Central Bank of India	Retired
Gupta Vinay Kumar	GM (HR), NCR-HQ	2106452	PGDM	25.03.1980	28	60	HSL	Retired
Gupta Yogendra Kumar	DGM (Fuel Mgt.), CC	2688878	B.Sc. Engg (Elect)	01.04.1978	30	60	CEA	Retired
Isac Sabu	Sr. Supdt., Simhadri	365096	ME (Elect)	01.09.1989	19	45	-	Resigned
Jain Jai Pal	Sr. Asstt. Chemist, BTPS	1266289	B.Sc.	01.04.1978	30	60	-	Retired
Jain Vimal Kumar	Sr. Supdt.(O&M), BTPS	2927995	AMIE (MECH), DIP (Mech)	01.04.1978	30	60	-	Retired
Jena Golak Bihari	Sr. Tech., Talchar	575178	ITI	03.06.1995	33	60	-	Retired
Jha Jay Prakash	DGM (Fin.), ER-I	1803871	CA	30.12.1989	19	60	TISCO	Retired
K. Lala Lalpati	Sr. A.A.O., BTPS	1529758	M.Com., LL.B.	19.04.1979	29	60	-	Retired
Kapoor Lalit Mohan	ED (CBE), CC	2041088	B.Sc (Elect)	26.11.1980	38	60	IL	Retired
Kapoor V.K.	Supdt. (O&M) BTPS	1062395	Dip (Elect)	01.04.1978	30	60	-	Retired
Katyayar Daya Nand	Dy. Mgr. (O&E), Unchahar	684367	M. Tech	04.12.1996	12	35	-	Resigned
Khunte Tukram	AGM (APDRP-R&M), CC	2915993	BE-Mech, ME- Mech	08.04.1980	28	60	EIL	Retired
Khurana Vajinder Singh	DGM (C&M), ANTA	1630177	B.Sc., (Mech.)	03.11.1980	27	60	-	Retired
Kumar Deepak	Engineer (Material), Rihand	937170	B.A.	17.11.1981	29	60	-	Retired
Kumar Gulshan	Sr. Foreman Gr.I, BTPS	716775	ITI	01.04.1978	30	60	-	Retired
Kumar Rajeev	AGM, Consul	1069088	B.E.	10.06.1980	29	54	Desein Pvt. Ltd	Resigned
Kumar Rajesh	DGM (Ash Utilisation), CC	2438910	B.Tech(Civil), Diploma Personnel Mgt.	10.06.1981	27	54	EIL	Death
Kumar Suresh	DGM, Consul	1044502	B.E.	29.07.1984	25	45	-	Resigned
Kundu Alok Kumar	ED (Fin.), CC	1246446	M.Com., CA	26.12.2001	36	60	BHEL	Retired
Kuttappan, A.K.	Sr. Foreman Gr.I, BTPS	1088485	10th	01.01.1979	29	60	-	Retired
Lal Churni	Sr. Store Keeper Gr.I, BTPS	1166897	10th	31.03.1981	27	60	-	Retired
Lal Pyare	Jr. Asstt., BTPS	470475	-	01.01.1979	29	60	-	Retired
Lala Kiran Kumar	Manager, Talchar	713823	DME	25.02.1983	25	60	-	Retired
Mahalingam S	AGM (ERP & IA), SR-HQ	969300	CA	11.04.1985	23	60	-	Retired



## Annex- IV to Directors' Report (Contd...)

Name	Designation and Nature of duties	Remuneration (Rs.)	Qualification	Date of Commencement of Employment	Exp. (Yrs.)	Age (Yrs.)	Last Employment held	Remarks
1	2	3	4	5	6	7	8	9
Mahalo Nathuni	AGM (O&M), SSTPS	844797	B. Sc. Engg. (Mech.)	30.06.1983	31	60	NFL	Retired
Mahata G.N.	Dy. Mgr., Talchar	1113796	DCE	16.10.1979	29	60	-	Retired
Majitha Devender Singh	Mgr. (Inspection), WR-HQ	1688002	Dipl (Mech Engg.)	08.06.1981	32	60	BHEL	Retired
Malhotra S.C.	Sr. Asstt., BTPS	813032	11th	01.01.1979	29	60	-	Retired
Manchanda Subhash	GM (Env't Mgt.), CC	2826864	BE (Electl.)	16.10.1980	28	60	BHEL	Retired
Mandal Banshidhar	Op't. Gr.I, Talchar	333768	ITI	03.06.1995	30	60	-	Death
Matto Rattan Lal	ED (Fuel Mgt.), CC	3443778	BSc. (Engg)	12.07.1984	24	60	Western Coal Fields Limited	Retired
Meghani, L.K.	Sr. P.S., BTPS	749217	B.A.	01.01.1979	29	60	-	Retired
Mittal Y.P.	CMO, BTPS	1820470	MBBS, B.Sc.	01.05.1979	29	60	-	Retired
Mohan Madan	Sr. Opt. Gr.II, BTPS	738278	ITI Mech	01.04.1978	30	60	-	Retired
Murthy K S N	AGM, Consul	1459022	B.E.	09.02.1982	27	60	-	Resigned
Nair T.K. Somasekharan	Manager (HR), RGCPP	790212	MA (IR&PM)	23.07.1980	32	60	BALCO	Retired
Ojha Bharat	Dy. Manager (C&M), BTPS	769125	PG Dip (Mat. Mgt.), B.A.	19.08.1981	26	60	-	Retired
Oswal Manna Lal	Gen. Mgr. (Commercial), WR-HQ	2929582	B.Sc. (Engg.)	28.12.1981	37	60	SAIL	Retired
Pal Gautam	DGM, Consul	982766	B.E.	27.04.1987	22	53	Chandrapur TPP	Resigned
Pal P.	Sr. Suptd. (O&M), Rihand	1802647	AMIE (Elect)	05.03.1982	27	60	-	Retired
Panda Artatran	Sr. Tech., Talchar	679782	HSE	03.06.1995	36	60	-	Retired
Pani Arabinda	Sr. Suptd., Talcher	374700	B.Sc. Engg	09.09.1987	21	45	-	Resigned
Parthiban K	AGM, Consul	867246	B.E.	12.12.1984	25	51	Neyveli Lignite Corp.	Resigned
Patidar Shriram	GM (PIE), NCR-HQ	1655794	BE (Mech)	14.05.1984	24	60	MPSEB	Retired
Prabhakar R.B.	Manager, Simhadri	856009	B. Tech (M)	01.03.1984	24	57	-	Death
Prakash Man Mohan	Sr. Asstt. Engr (CP), CC	724305	Dip (Civil)	16.11.1979	35	60	DGAIR	Retired
Prasad Kailash	AGM (Project Coord), CC	2921020	BSc. (Engg)	30.03.1984	24	60	BHEL	Retired
Prasad Kamta	Supdt. (O&M), BTPS	1614847	Dip (Mech)	01.04.1978	30	60	-	Retired
Prasad Komal	Foreman Gr.I, BTPS	785107	10th	01.01.1979	29	60	-	Retired
Rai Jharkhandey	DGM (Safety), Unchahar	1686539	B.Sc. (Engg.)	17.05.1983	25	60	-	Retired
Raju Sivadandu Seetem	AGM (HR), WR-HQ	1797407	MBA (Personnel Mgt.)	24.12.1982	37	60	Hindustan Copper Limited	Retired
Rajya S.K.	AGM (Tech. Services), BTPS	1200357	M.Tech., MBA, B.Sc. (Engg.) (Mech)	15.05.1978	30	58	-	Pre mature Retirement
Ram Khacheru	Tech. Gr.I, BTPS	753366	8th	01.04.1978	30	60	-	Retired
Ram Krishna	Operator (T), SSTPS	926696	Matric	23.12.1980	42	60	Indian Navy	Retired

Ram Siya	Mgr. BTPS	1104186	Dip (Civil)	01.04.1978	30	60	-	Retired
Ram Siya	Manager (OS), CC	1051808	Dip. (Mech.)	01.09.1978	35	60	DESU	Retired
Rao Alluri Nageswara	DGM, Consul	1132738	B.E.	11.07.1987	22	48	ACC Babcock Ltd.	Resigned
Rao K D V Prasada	DGM (CSR), SR-HQ	1629558	MA, LLB	31.12.1981	27	60	-	Retired
Rao M Vasantha	Sr Mgr (OS), SR-HQ	716400	Dip Engg.	19.10.1983	25	60	-	Retired
Rao M. Venkata	Sr. Mgr., Simhadri	625358	B. Tech (Civil)	07.11.1981	27	60	-	Retired
Rao. K. C. B.	Sr. Mgr (C&M), SR-HQ	1117277	B. Tech	29.04.1985	23	60	-	Retired
Relan Ashok Kumar	Manager (HR- ES), CC	1037996	Mech. Dip.	15.06.1984	39	60	HAL	Retired
Rohil Brijinder Singh	DGM (HR- ES), CC	2114232	BS(PE)	02.02.1979	38	60	-	Retired
Rohtagi D.K.	Sr. Mgr. (Stores), BTPS	2675247	B.Sc. (Elect)	01.04.1978	30	59	-	Death
Roy Pranab Kumar	GM (Project), Unchahar	2220460	Diploma in Mech Engg.	15.05.1978	30	60	-	Retired
Sabesan K	AGM (OS), NCR-HQ	2404747	B.Sc. Engg	01.04.1978	30	60	CEA	Retired
Sadhu Ashok Kumar	AGM (Engg. Services), CC	2795523	B.Sc. (Science), MA (Sociology), B.Lib, PGDPM	06.08.1980	28	60	EIL	Retired
Sankaralingam T	CMD, CC	1702371	B.E (Elect. Engg)	21.12.1977	39	60	BHEL	Retired
Seetan	Tech. Gr.III, BTPS	428848	-	01.01.1979	29	59	-	Death
Senapati Manash Datta	GM (OS), CC	2872958	Diploma (Mech)	04.06.1981	27	60	CEA	Retired
Sharma Mahesh Chandra	DGM (Fuel Mgt), CC	2834505	Diploma (Mech), AMIE (Civil)	14.09.1985	23	60	IRCON	Retired
Sharma R.K.	Mgr (HR), BTPS	1526212	M.A., BGL, DIP (PM&IR)	02.09.1984	24	60	-	Retired
Sharma R.P.	Supdt. (Mech Mtc), JGGPP	1502955	AMIE	01.12.1986	22	60	Rajasthan State Govt.	Retired
Sharma Satya Dev	Sr. Tech. Gr.II, BTPS	390016	8th	01.01.1979	29	60	-	Retired
Sharma Shyam Sunder	Sr. Opt. Gr.III, BTPS	1003639	7th	01.04.1978	30	60	-	Retired
Shaw S.B.	DGM - ME, Rihand	2281825	B.Sc. Engg.	30.07.1983	27	60	-	Retired
Shree Prakash	Supdt. (O&M), SSTPS	895166	ISE Dip. In Mech. Engg.	27.10.1980	33	60	Renusagar Power Company	Retired
Singh Anand Kumar	AGM(O&M), SSTPS	1098611	BE (Elect Engg.)	27.06.1983	30	53	MPSEB	Resigned
Singh B.N.	Engineer (O&M), Rihand	898767	ITI	06.01.1981	28	60	-	Retired
Singh Bharat	Sr. Opt. Gr. III, BTPS	915947	12th	01.04.1978	30	60	-	Retired
Singh C S	DGM (EMG), ER-I	2231734	B.Sc. (Engg. - Elect)	30.01.1984	24	54	Durgapur Steel Plant	Death
Singh D.P.	AGM (Civil), BTPS	2707232	BE (Civil)	19.05.1980	28	60	-	Retired
Singh Jai	Sr. Opt. Gr.IV, BTPS	902273	9th	01.04.1978	30	60	-	Retired
Singh Jai Raj	Sr. Asstt. Gr.I, BTPS	952868	10th	01.01.1979	29	60	-	Retired
Singh Lal Bahadur	Manager (HR-ES), NR-HQ	1411633	M.A., PG Diploma (Personnel Mgt.)	05.05.1982	26	60	-	Retired
Singh Mahendra Pal	GM (R&M - Engg), CC	2566845	BE-Electl & Tele Engg, ME- Electl & Tele Engg.	30.06.1982	26	60	MPSEB	Retired
Singh Mohar	Foreman Gr.III, BTPS	860024	-	01.04.1978	30	60	-	Retired
Singh Nam	Foreman GR.II, BTPS	699127	5th	01.04.1978	30	60	-	Retired
Singh Om Pal	Sr. Driver Gr. I, BTPS	1101543	9th	01.01.1979	29	60	-	Retired

## Annex- IV to Directors' Report (Contd...)

Name	Designation and Nature of duties	Remuneration (Rs.)	Qualification	Date of Commencement of Employment	Exp. (Yrs.)	Age (Yrs.)	Last Employment held	Remarks
1	2	3	4	5	6	7	8	9
Singh Om Prakash	Asstt., ER-I	698592	B.A.	01.05.1989	19	60	Indian Army	Retired
Singh Pal Chander	AGM (APDP), CC	2567440	BSc. (Engg)	28.11.1983	25	60	BHEL	Retired
Singh Sumendra	Sr. Supdt. (O&M), BTPS	1095423	Dip (Mech.)	01.04.1978	30	60	-	Retired
Singh Udham	Foreman Gr.I, BTPS	937442	ITI (Mech)	15.03.1979	29	60	-	Retired
Srivastava Deepak Kumar	Sr. Engr., Unchahar	994017	Diploma in Mech	06.08.1982	26	49	-	Death
Tahiliani R.S.	Sr. Foreman Gr.I (Elect), BTPS	1228613	National Trade Certificate	22.06.1979	29	60	-	Retired
Taneja.R.K.	A.E. , BTPS	1209703	ITI (A/C & Refgn)	01.04.1978	30	60	-	Retired
Unikrishanan	Sr. Foreman (Elect), BTPS	473997	ITI Elect.	01.01.1979	29	60	-	Retired
Verma Avinash Kumar	GM (Proj Coord), CC	3013607	BSc Engg (Elect)	09.11.1982	26	60	SAIL	Retired
Verma S.S.	A.O., BTPS	1258865	B.A.	01.01.1979	29	60	-	Retired
Verma Shailendra Kumar	GM (Constr), NCR-HQ	2613843	B.Sc Engg (Civil)	26.09.1980	28	60	Kudremukh Iron Ore Company Limited	Retired
Vijay K. V. R. K	DGM (CRM), SR-HQ	1098269	B. Tech	02.09.1986	22	43	-	Resigned
Vinod J. R	DGM (TRTF), CC	2723743	B.Sc (Engg),	15.02.1979	30	60	CEA	Retired
Vyas Laxmi Dutt	Sr. Manager (Fin.), CC	641046	B.Com, CA	30.12.1988	39	47	-	Resigned
Wadhera Shyam	ED (CP&SM), CC	1291165	B.Tech. (Elect.)	21.02.1977	36	59	-	Pre mature Retirement

## Notes:

- Persons named above are/ were employees of the Company.
- Remuneration includes salary, allowances, leave encashment, leave travel concession, payment for subsidized leased accommodation, reimbursement of medical expenses to employees and employer's contribution to Provident Fund and other funds. However, it does not include the monetary value of the medical treatment provided in the Company's dispensaries/hospitals at Project sites, since it can not be quantified employees-wise. In addition, the employees are entitled to gratuity/ group insurance in accordance with Company's Rules.
- None of the employees listed above is related to any director of the company.
- Remuneration mentioned above is inclusive of retirement/ separation benefits paid during the year and is not indicative of any regular remuneration structure of employees of the Company.

For and on behalf of the Board of Directors



(R.S. Sharma)

Chairman &amp; Managing Director

Place: New Delhi

Dated: August 1, 2009



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES**

	NAME OF THE SUBSIDIARY	PIPAVAV POWER DEVELOPMENT COMPANY LTD.	NTPC ELECTRIC SUPPLY COMPANY LTD.	NTPC VIDYUT VYAPAR NIGAM LTD.	NTPC HYDRO LTD.	KANTI BIJLEE UTPADAN NIGAM LIMITED	BHARTIYA RAIL BIJLEE COMPANY LIMITED
1.	Financial year of the Subsidiary ended on	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009
2.	Date from which they became Subsidiary	December 20, 2001	August 21, 2002	November 1, 2002	December 12, 2002	September 6, 2006	November 22, 2007
3.	Share of the subsidiary held by the company as on March 31, 2008 a) Number & face value b) Extent of holding	375000 equity shares of Rs. 10/- each 100%	80910 equity shares of Rs. 10/- each 100%	20000000 equity shares of Rs. 10/- each 100%	92426200 equity shares of Rs. 10/- each 100%	51000 equity shares of Rs 10/- each 51%	18,50,00,000 equity shares of Rs 10/- each 74%
4.	The net aggregate amount of the subsidiary companies Profit/(loss) so far as it concerns the member of the holding company a) Not dealt with in the holding company's accounts i) For the financial year ended March 31, 2009 ii) Upto the previous financial years of the subsidiary company b) Dealt with in the holding company's accounts i) For the financial year ended March 31, 2009 ii) For the previous financial year of the subsidiary company since they become the holding company's subsidiaries	(21,795) (37,41,675) Nil Nil	18,48,41,735 10,27,38,167 Nil Nil	49,52,57,740 1,23,83,528 Nil Nil	(10,800) (8,13,15,892) Nil Nil	(27,866) (53,350) Nil Nil	(38,91,180) (8,28,070) Nil Nil

For and on behalf of the Board of Directors

**R. Sharma**

(R.S. Sharma)

Chairman &amp; Managing Director

Place: New Delhi  
Date: August 1, 2009



# STATISTICAL DATA OF GRIEVANCE CASES

2008-09

S. No.	Particulars	Public Grievance Cases	Staff Grievances Cases
1.	Grievance cases outstanding at the beginning of the year	-	10
2.	Grievance cases received during the year	-	40
3.	Grievance cases disposed of during the year	-	47
4.	Grievance Cases outstanding at the end of the year	-	3

For and on behalf of the Board of Directors

*Rajiv*

Place : New Delhi  
Dated : August 1, 2009

(R.S. Sharma)  
Chairman & Managing Director

Report  junction.com

**STATISTICAL INFORMATION ON RESERVATION OF SCs/STs FOR THE YEAR 2008****Representation of SCs/STs as on 01.01.2009:**

Group	Employees on Roll	SCs	%age	STs	%age
A	12410	1455	11.72	477	3.84
B	3569	478	13.39	202	5.65
C	7476	1338	17.89	542	7.24
D	1996	438	21.94	216	10.82
Total	25451	3709	14.57	1437	5.64

**Recruitment of SCs/STs during the year 2008.**

Group	Total Recruitment	SCs	%age	STs	%age
A	1033	196	18.97	115	11.13
B	-	-	-	-	-
C	18	7	38.88	2	11.11
D	75	26	34.66	17	22.66
Total	1126	229	20.33	134	11.90

**Promotions of SCs/STs during the year 2008.**

Group	Total	SCs	%age	STs	%age
A	2767	310	11.20	84	3.03
B	811	114	14.05	50	6.16
C	1450	262	18.06	98	6.75
D	92	20	21.73	8	8.69
Total	5120	706	13.78	240	4.68

Efforts of NTPC to fill up the backlog reserved vacancies of SCs and STs in group 'A' posts in year 2008 are as under:

- NTPC identified 128 backlog vacancies of SCs, STs and OBCs in July 2008 for filling up along with current vacancies. Recruitment process has been completed. Offers of appointment have been issued. 96 persons have joined so far.
- Further 25 backlog vacancies of SCs, STs and OBCs were identified as on 01.11.2008 which have been advertised for filling up through Special Recruitment Drive. The recruitment process is in progress.

For and on behalf of the Board of Directors

*R. Sharma*

(R.S. Sharma)

Chairman & Managing Director

Place : New Delhi  
Dated : August 1, 2009





## PHYSICALLY CHALLENGED PERSONS

With a view to focus on its role as a socially responsible and socially conscious organization, NTPC has endeavored to take responsibility for adequate representation of physically challenged persons in its workforce. With this in view, NTPC launched a massive recruitment drive to make up the shortfall of physically challenged persons. Total 450 physically challenged persons are on rolls on NTPC as on 01.01.2009. Reservation has been provided for PH as per rules/ policy. Some of the other initiatives taken for the welfare of physically challenged persons by NTPC over the years are as under:

- For individual needs of the VH employees, screen reading software and Braille shorthand machines made available by the Projects of NTPC.
- "Sign language" training for the employees in general.
- NTPC has given instructions to all units to create barrier free environment for easy access of PH persons. 18 units have completed the task. The work is in progress at rest of the units.
- At most of the NTPC Projects, wherever houses are located in multi storied structures, allotments to physically challenged has been made on the ground floor.
- Special parking enclosure near the ramp at the office entrance.
- Wheel chairs have been provided to employees with orthopedics disabilities. If required, the assistance of an attendant has also been sanctioned.
- Wherever required, gates/door of the quarter has been widened and wider covers provided on drains to facilitate movement.
- At CC procurement of stationery items like files, envelopes are mainly being done from NGOs/Agencies like ADDI, MUSKAN, Blind Relief Association who are working for physically challenged thereby creating indirect employment.
- Paintings made by disabled persons have also been procured and placed at different locations in the Company Offices.
- Medical camps have been organized in various projects of NTPC for treatment and distribution of aids like artificial limbs, tricycles, wheelchairs, calipers etc.
- Shops have been allotted to NTPC Township to challenged persons so that they may earn their livelihood. Similarly, PCOs within/outside plant premises are also allotted to physically challenged persons.
- Regular interactive meetings are being organized with physically challenged employees.
- Training needs are being fulfilled as per the individual requirement.
- 05 number of Scholarship @ Rs.1500/- per month/per student are given to PH students pursuing MBA/PGDBM Courses.
- In our Vindhyachal Project, a school named Asha Kiran for deaf/dumb and mentally retarded children, is running.
- Petty contracts like book binding, scribbling pad preparation from waste paper, file binding, furniture repair, screen printing, spiral binding, painting contract are also being given to disabled persons.
- Physically challenged (Orthopedically handicapped) employees have been allowed to purchase a three wheeler vehicle with a hand fitted engine against their normal entitlement (advance for scooter/motorcycle/moped) under NTPC conveyance Advance Rules.
- At all Projects/Offices, Nodal Officers (Physically Challenged) have been nominated.
- Reimbursement towards low vision aids, dark glasses etc. subject to maximum of Rs.1000/- every year has been introduced. Similarly hearing aid; behind the ear model for each ear restricted to Rs.10,000/- or actual cost whichever is lower has been introduced. It may be replaced every four years subject to certificate of condemnation by ENT Specialist.
- Relaxation in qualifying marks for open recruitment: pass marks only and also 10% relaxation in written test and interview from the year-2002 onwards.
- NTPC identified 17 backlog reserved vacancies for Physically Challenged persons in year 2008. Two offers of appointment have been issued from the recent select panel. One has joined so far. For 15 backlog vacancies advertisement has been made for filling up through Special Recruitment Drive. The recruitment process is in progress.

For and on behalf of the Board of Directors

**R Sharma**

(R.S. Sharma)

Chairman & Managing Director

Place : New Delhi

Dated : August 1, 2009



## UNGC – Communications on Progress (2008-09)

NTPC expresses its continued support for the Global Compact and its commitment to take action in this regard, as was communicated by the Chairman & Managing Director, NTPC in his letter dated May 29, 2001 addressed to Secretary General, United Nations.

NTPC has posted the brief of Global Compact and its commitment to the principles of GC on its website at [www.ntpc.co.in](http://www.ntpc.co.in). The principles of GC were communicated to all employees through in-house magazines, internal training programmes and posters. NTPC, a core member of Global Compact Society (GCS), actively participated and assisted in organizing the Annual Convention of the Global Compact Society on 10th Dec 2008. Director (HR) of NTPC is nominated as Vice President, Northern Region for Global Compact Society, India.

### Human Rights: Principle 1-2

Most of NTPC's operating power stations are located in remote rural areas which are socio-economically backward and deficient in the basic civic amenities. NTPC, as responsible corporate citizen has been addressing the issue of community development in the neighbourhood areas of its stations, which had been impacted due to establishment of the project.

While, this has been initially administered as part of Resettlement and Rehabilitation effort, NTPC recognized its social responsibility to continue community and peripheral development works where the same has been closed under R&R policy. Towards this, NTPC during 2004-05 adopted "Corporate Social Responsibility-Community Development (CSR-CD) Policy", July' 04.

Under this policy, during 2008-09, NTPC allocated a fund of Rs.102.4 million to 20 operating stations for carrying out comprehensive Community Development work in the area of health, education, drinking water and peripheral development. In addition, Quality Circles (QCs) are functioning in neighborhood villages of its stations. The NTPC employees participate in various CD activities through Employee Voluntary Organization for Initiative in Community Empowerment (EVOICE).

NTPC provided sponsorship to candidates from villages in the vicinity of NTPC stations/ Projects for ITI training at Government/ Government recognized private ITIs in the trades of Welder/ Fitter/ Instrument mechanic/ Electrician. Close to 700 village youth have been sponsored during the financial year.

NTPC is committed to provide support for setting up a technical polytechnic at Uattaranchal, at Kaladungi, Dist. Nainital. Support for a Women's Polytechnic at Gopeshwar, Dist. Chamoli is also committed.

NTPC Foundation, registered in December 2004, is striving to serve and empower the physically challenged and economically weaker sections of the society. The Information and Communication Technology (ICT) Centre, set up jointly by NTPC Foundation and University of Delhi and inaugurated in Oct'08, will enable approximately 1000 physically challenged students to learn IT Skills and help them move along with the mainstream society. Foundation is also extending similar ICT facilities to the existing blind schools in Lucknow, Ajmer, Thiruvananthapuram and Mysore.

Tanda, in U.P. has been identified by Foundation as pilot project for operating District Disability Rehabilitation Centre (DDRC) in collaboration with National Institute of Orthopedically Handicap (NIOH), Ministry of Social Empowerment, Govt of India.

In the area of health, Mobile Vans with diagnostic equipments have been provided at 4 stations i.e. Rihand, Ramagundam, Singrauli and Vindhyachal for treatment and diagnosis of the Tuberculosis patients in the neighbourhood villages of the stations.

NTPC Foundation is also providing grants for setting up of Distributed Generation Projects for preparation of feasibility report, DPR, Insurance, Energy Plantation and for meeting funding gap limited to 30% of the approved project cost.

NTPC supported various Institutions/ Bodies and undertook initiatives for major activities as detailed below:

- (i) Support has been extended for assistance in self reliance for 200 tribal girls/ women in tribal area of Jhamar Kotra in Udaipur Dist. of Rajasthan.
- (ii) Assistance is also being extended for construction of School cum Multipurpose Building for Girls in Village Shaulana, Dist Ghaziabad, Uttar Pradesh through Nari Jagriti Abhiyan, Hardwar and for construction of one floor each for Girls Hostel in Distt. Ongole and Guntur of AP.
- (iii) As a CSR initiative in the field of Health, NTPC is providing support to Hyderabad Eye Research Foundation for three



specialized Eye Centers at Bhubneswar Eye Hospital, Bhubneswar, Orissa. These Centers will provide free medical facilities to the economically under privileged patients.

In order to contribute in the Conservation of selected National Monuments, NTPC in association with Archaeological Survey of India (ASI), has identified 3 sites for financial support.

NTPC members were actively involved as "industry experts on CSR" in preparation of "ISO 26000 Guidance on Social Responsibility.

NTPC representatives associated with Confederation of Indian Industry (CII) as Certified Assessors for the assessment of CII-ITC Sustainability Award constituted by the CII.

#### **Labour Standard: Principle 3-6**

For addressing the issue of labour standard in comprehensive manner, NTPC has decided to adopt international standards like SA-8000 and OHSAS-18001.

During the year 2008-09, Jhanor- Gandhar and Singrauli stations of NTPC received SA-8000 accreditation. The process has been initiated at Kawas station for accreditation. Anta, Auraiya, Badarpur, Farakka, Faridabad, Kayamkulam, NCPP-Dadri, Ramagundam, Rihand, Simhadri, Talcher-Thermal, Tanda, Unchahar and Vindhyachal are already accredited in the previous years.

All the 20 operating Stations of NTPC have already obtained accreditation under OHSAS 18001. During 2008-09 Faridabad, Kawas, Talcher Kaniha and Tanda stations have been re-certified under OHSAS 18001.

NTPC was closely associated in formulation of IS:16001:2007 on "Organisational Accountability at the Workplace-Requirements" prepared by Bureau of Indian Standard (BIS).

#### **Environment: Principle 7-9**

Towards its commitment to environment NTPC has decided to adopt ISO-14001 and all its 20 operating stations have obtained accreditation for ISO-14001. Surveillance audit through was done by agencies at various stations to ensure adherence to the ISO requirements.

During the year 2008-09, 3 stations viz. Faridabad, Kawas and Talcher Kaniha stations have been re-certified under ISO 14001.

For and on behalf of the Board of Directors

**R. Sharma**

(R.S. Sharma)

Chairman & Managing Director

Place : New Delhi

Dated : August 1, 2009





## CONTENTS OF PRESIDENTIAL DIRECTIVES

### 1. Pay revision of Board level and below Board level Executives and Non-unionised Supervisors in Central Public Sector Enterprises (CPSEs) w.e.f. 01.01.2007

Vide Presidential Directive No. 3/4/2009-TH.I dated 30.04.2009, the Government of India has directed NTPC Limited to implement revision of pay and allowances of Board Level and below Board Level Executives in NTPC Limited strictly as per the guidelines contained in Department of Public Enterprises (DPE) O.M. No. 2 (70)/08-DPE (WC)-GLXVI/08 dated 26.11.2008, No.2(70)/08-DPE (WC) - GL- IV/09 dated 09.02.2009, No. 2(70)/08-DPE (WC) - GL-VII/09 dated 02.04.2009 and No. 2(76)/08-DPE (WC) GL - VIII/09 dated 02.04.2009. Special attention is invited to para 2 (ii) of DPE's O.M. No. 2 (70)/08- DPE (WC) - GL- XVI/08 dated 26.11.2008, para 2 (vi) of O.M. No. 2(70)/08-DPE (WC)-GL-VII/09 dated 02.04.2009 and para 4 of O.M. No. 2(76)/08-DPE - (WC) GL-VIII/09 dated 02.04.2009.

Pending implementation of presidential directive, provision of Rs. 3,575 million for the year and Rs. 6,970 million upto the financial year 2008-09 has been made on account of revision of pay scales of Board level, below Board level Executives and Non-unionised Supervisors (excluding employees in workmen category) on an estimated basis having regard to the guidelines issued by Department of Public Enterprises, Government of India. Further, a sum of Rs. 2,394 million has been paid as adhoc advance towards revision of pay scales of Board level, below Board level Executives and Non-unionised Supervisors (excluding employees in workmen category) upto the financial year 2008-09.

### 2. Winding up of Pipavav Power Development Company Limited (PPDCL) by NTPC Limited

Vide Presidential Directive No. 5/5/2004-TH.II dated 03.07.2009, Government of India is pleased to convey the approval of Government to permit NTPC Limited for winding up of Pipavav Power Development Company Limited pending final settlement of claims with Gujarat Power Corporation Limited/ Government of Gujarat.

After decision of disassociation of NTPC Ltd. from Pipavav Project, Rs. 131 million have already been received towards reimbursement of cost of land and other expenditure incurred by NTPC Ltd for Pipavav Project including interest thereon. After winding up of Pipavav Power Development Company Limited, final claims including expenditure incurred by NTPC Ltd on winding up of Pipavav Power Development Company Limited shall be recovered from Gujarat Power Corporation Limited/ Government of Gujarat.

For and on behalf of the Board of Directors

**R. Sharma**

(R.S. Sharma)

Chairman & Managing Director

Place : New Delhi

Dated : August 1, 2009



## ACCOUNTING POLICIES

### 1. BASIS OF PREPARATION

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

### 2. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates & assumptions and such differences are recognized in the period in which the results are crystallized.

### 3. GRANTS-IN-AID

- 3.1 Grants-in-aid received from the Central Government or other authorities towards capital expenditure as well as consumers' contribution to capital works are treated initially as capital reserve and subsequently adjusted as income in the same proportion as the depreciation written off on the assets acquired out of the grants.
- 3.2 Where the ownership of the assets acquired out of the grants vests with the government, the grants are adjusted in the carrying cost of such assets.
- 3.3 Grants from Government and other agencies towards revenue expenditure are recognized over the period in which the related costs are incurred and are deducted from the related expenses.

### 4. FIXED ASSETS

- 4.1 Fixed Assets are carried at historical cost less accumulated depreciation.
- 4.2 Expenditure on renovation and modernisation of fixed assets resulting in increased life and/or efficiency of an existing asset is added to the cost of related assets.
- 4.3 Intangible assets are stated at their cost of acquisition less accumulated amortisation.
- 4.4 Capital expenditure on assets not owned by the Company is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the Fixed Assets.
- 4.5 Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relatable to land in possession are treated as cost of land.
- 4.6 In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustment in the year of final settlement.
- 4.7 Assets and systems common to more than one generating unit are capitalised on the basis of engineering estimates/assessments.

### 5. CAPITAL WORK-IN-PROGRESS

- 5.1 In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital Work-in-Progress.
- 5.2 Administration and general overhead expenses attributable to construction of fixed assets incurred till they are ready for their intended use are identified and allocated on a systematic basis to the cost of related assets.
- 5.3 Deposit works/cost plus contracts are accounted for on the basis of statements of account received from the contractors.
- 5.4 Claims on the Company for price variation/exchange rate variation in case of contracts are accounted for on acceptance.

### 6. OIL AND GAS EXPLORATION COSTS

- 6.1 The Company follows 'Successful Efforts Method' for accounting of oil & gas exploration activities.

6.2 Cost of surveys and prospecting activities conducted in search of oil and gas are expensed off in the year in which these are incurred.

6.3 All acquisition costs are initially capitalized as 'Exploratory Wells-in-Progress' under Capital Work-in-Progress.

## **7. DEVELOPMENT OF COAL MINES**

Expenditure on exploration of new coal deposits is capitalized as 'Development of coal mines' under Capital Work-in-Progress till the mines project is brought to revenue account.

## **8. FOREIGN CURRENCY TRANSACTIONS**

8.1 Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.

8.2 At the balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.

8.3 Exchange differences (loss), arising from translation of foreign currency loans relating to fixed assets/capital work-in-progress to the extent regarded as an adjustment to interest cost are treated as borrowing cost.

8.4 Exchange differences arising from settlement / translation of foreign currency loans (other than regarded as borrowing cost), deposits / liabilities relating to fixed assets / capital work-in-progress in respect of transactions entered prior to 01.04.2004, are adjusted in the carrying cost of related assets. Such exchange differences arising from settlement / translation of long term foreign currency monetary items in respect of transactions entered on or after 01.04.2004 are adjusted in the carrying cost of related assets.

8.5 Other exchange differences are recognized as income or expense in the period in which they arise.

## **9. BORROWING COSTS**

Borrowing costs attributable to the fixed assets during construction/renovation and modernisation are capitalised. Such borrowing costs are apportioned on the average balance of capital work-in-progress for the year. Other borrowing costs are recognised as an expense in the period in which they are incurred.

## **10. INVESTMENTS**

10.1 Current Investments are valued at lower of cost and fair value determined on an individual investment basis.

10.2 Long term investments are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments.

10.3 Premium paid on long term investments is amortised over the period remaining to maturity.

## **11. INVENTORIES**

11.1 Inventories are valued at the lower of cost, determined on weighted average basis, and net realizable value.

11.2 The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

## **12. PROFIT AND LOSS ACCOUNT**

### **12.1 INCOME RECOGNITION**

12.1.1 Sale of energy is accounted for based on tariff rates approved by the Central Electricity Regulatory Commission (CERC). In case of power stations where the tariff rates are yet to be approved/agreed, provisional rates are adopted.

12.1.2 The incentives/disincentives are accounted for based on the norms notified/approved by the CERC. In cases of power stations where the same have not been notified/ approved, incentives/ disincentives are accounted for on provisional basis.

12.1.3 Advance against depreciation, forming part of tariff to facilitate repayment of loans, is reduced from sales and considered as deferred revenue to be included in sales in subsequent years.





- 12.1.4 Exchange differences on account of translation of foreign currency borrowings recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are accounted as 'Deferred Foreign Currency Fluctuation Asset/Liability'. The increase or decrease in depreciation or interest and finance charges for the year due to the accounting of such exchange differences as per accounting policy no. 8 is adjusted in sales.
- 12.1.5 Exchange differences arising from translation/settlement of monetary items denominated in foreign currency to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are accounted as 'Deferred Foreign Currency Fluctuation Asset/Liability' during construction period and adjusted in the year in which the same becomes recoverable/payable.
- 12.1.6 The surcharge on late payment/overdue sundry debtors for sale of energy is recognized when no significant uncertainty as to measurability or collectability exists.
- 12.1.7 Interest/surcharge recoverable on advances to suppliers as well as warranty claims/liquidated damages are not treated as accrued due to uncertainty of realisation/acceptance and are therefore accounted for on receipt/acceptance.
- 12.1.8.1 Income from consultancy services is accounted for on the basis of actual progress/technical assessment of work executed, in line with the terms of respective consultancy contracts.
- 12.1.8.2 Claims for reimbursement of expenditure are recognized as other income, as per the terms of consultancy service contracts.
- 12.1.9 Scrap other than steel scrap is accounted for as and when sold.
- 12.1.10 Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realisation.

## 12.2 EXPENDITURE

- 12.2.1 Depreciation is charged on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 except for the following assets at the rates mentioned below:

a)	Kutchia Roads	47.50 %
b)	Enabling works	
	- residential buildings including their internal electrification.	06.33 %
	- non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helipads and airstrips.	19.00 %
c)	Personal computers and Laptops including peripherals	19.00 %
d)	Photocopiers and Fax Machines	19.00 %
e)	Air conditioners, Water coolers and Refrigerators	08.00 %

- 12.2.2 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
- 12.2.3 Assets costing up to Rs.5000/- are fully depreciated in the year of acquisition.
- 12.2.4 Cost of software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or 3 years, whichever is earlier.
- 12.2.5 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortised balance of such asset is charged prospectively over the residual life determined on the basis of the rate of depreciation.



- 12.2.6 Where the life and/or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along-with its unamortized depreciable amount is charged prospectively over the revised useful life determined by technical assessment.
- 12.2.7 Machinery spares which can be used only in connection with an item of plant and machinery and their use is expected to be irregular, are capitalised and fully depreciated over the residual useful life of the related plant and machinery.
- 12.2.8 Capital expenditure on assets not owned by the company is amortised over a period of 4 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use. However, such expenditure for community development in case of stations under operation is charged off to revenue.
- 12.2.9 Leasehold buildings are amortised over the lease period or 30 years, whichever is lower. Leasehold land and buildings, whose lease period is yet to be finalised, are amortised over a period of 30 years.
- 12.2.10 Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.
- 12.2.11 Preliminary expenses on account of new projects incurred prior to approval of feasibility report are charged to revenue.
- 12.2.12 Actuarial gains/losses in respect of 'Employee Benefit Plans' are recognised in the statement of Profit & Loss Account.
- 12.2.13 Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets and systems.
- 12.2.14 Prepaid expenses and prior period expenses/income of items of Rs.100,000/- and below are charged to natural heads of accounts.
- 12.2.15 Carpet coal is charged off to coal consumption. However, during pre-commissioning period, carpet coal is retained in inventories and charged off to consumption in the first year of commercial operation. Windage and handling losses of coal as per norms are included in cost of coal.

### 13. FINANCE LEASES

- 13.1 Assets taken on lease are capitalized at fair value or net present value of the minimum lease payments, whichever is lower.
- 13.2 Depreciation on the assets taken on lease is charged at the rate applicable to similar type of fixed assets as per accounting policy no. 12.2.1. If the leased assets are returnable to the lessor on the expiry of the lease period, depreciation is charged over its useful life or lease period, whichever is shorter.
- 13.3 Lease payments are apportioned between the finance charges and outstanding liability in respect of assets taken on lease.

### 14. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

### 15. CASH FLOW STATEMENT

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statements'.

# BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2009

	SCHEDULE NO.	31.03.2009	Rs. million 31.03.2008
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Capital	1	82,455	82,455
Reserves and surplus	2	491,246	443,931
		<b>573,701</b>	<b>526,386</b>
<b>DEFERRED REVENUE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION</b>	3	19,360	13,734
<b>DEFERRED INCOME FROM FOREIGN CURRENCY FLUCTUATION</b>		6,077	-
<b>LOAN FUNDS</b>			
Secured loans	4	89,696	73,147
Unsecured loans	5	935,982	198,759
		<b>245,678</b>	<b>271,906</b>
<b>DEFERRED FOREIGN CURRENCY FLUCTUATION LIABILITY</b>		545	2,554
<b>DEFERRED TAX LIABILITY (Net)</b>		51,350	55,838
Less: Recoverable		51,349	55,837
		1	1
<b>TOTAL</b>		<b>945,362</b>	<b>814,581</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	6		
Gross Block		623,530	533,680
Less: Depreciation		294,153	272,743
Net Block		329,377	260,937
Capital Work-in-Progress	7	212,211	184,389
Construction stores and advances	8	51,838	40,394
		<b>593,426</b>	<b>485,720</b>
<b>INVESTMENTS</b>	9	139,835	152,672
<b>DEFERRED FOREIGN CURRENCY FLUCTUATION ASSET</b>		9,734	-
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	10	32,434	26,757
Sundry debtors	11	33,842	29,827
Cash and bank balances	12	162,716	149,332
Other current assets	13	9,792	9,218
Loans and advances	14	68,469	40,354
		<b>309,253</b>	<b>255,488</b>
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
Current liabilities	15	74,391	55,483
Provisions	16	32,495	23,816
		<b>106,886</b>	<b>79,299</b>
Net current assets		<b>202,367</b>	<b>176,189</b>
<b>TOTAL</b>	26	<b>945,362</b>	<b>814,581</b>
Notes on accounts			
Schedules 1 to 26 and accounting policies form an integral part of accounts.			

For and on behalf of the Board of Directors

( A.K.RASTOGI )  
Company Secretary

(A.K.SINGHAL)  
Director (Finance)  
As per our report of even date

( R.S. SHARMA )  
Chairman & Managing Director

For Varma and Varma  
Chartered Accountants

For B.C.Jain & Co.  
Chartered Accountants

For Parakh & Co.  
Chartered Accountants

(Cherian K. Baby)  
Partner  
M No.16043

(Ranjeet Singh)  
Partner  
M No.73488

(Aditya Rawat)  
Partner  
M No.71767

For S.K. Mittal & Co.  
Chartered Accountants

For Dass Gupta & Associates.  
Chartered Accountants

For S.K. Mehta & Co.  
Chartered Accountants

(S.K. Mittal)  
Partner  
M No.8506

(Ashok Kumar Jain)  
Partner  
M No.90563

(Rohit Mehta)  
Partner  
M.No.91382

Place : New Delhi  
Dated : 22<sup>nd</sup> May 2009



# **PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009**

Rs. million

	SCHEDULE No.	Current Year	Previous Year
<b>INCOME</b>			
Sales (Gross)	17	421,454	372,615
Less: Electricity duty		2,216	2,114
Sales (Net)		419,238	370,501
Energy internally consumed		514	409
Provisions written back	18	170	64
Other income	19	32,806	29,203
<b>Total</b>		<b>452,728</b>	<b>400,177</b>
<b>EXPENDITURE</b>			
Fuel		271,107	220,202
Employees' remuneration and benefits	20	24,631	18,960
Generation, administration & other expenses	21	18,192	16,284
Depreciation		23,645	21,385
Provisions	22	246	71
Interest and finance charges	23	20,229	17,981
<b>Total</b>		<b>358,050</b>	<b>294,883</b>
<b>Profit before Tax and Prior Period Adjustments</b>		<b>94,678</b>	<b>105,294</b>
Prior Period income/ expenditure (net)	24	1,083	2,745
<b>Profit before tax</b>		<b>93,595</b>	<b>102,549</b>
<b>Provision for :</b>			
Current tax			
Current year		25,337	24,637
Earlier years		(13,953)	3,680
Fringe Benefit tax			
Current year		210	214
Earlier years		-	(45)
Deferred tax		(4,488)	1,411
Less:			
Deferred tax recoverable		(4,488)	1,411
Current/Fringe Benefit Tax transferred to Expenditure during construction period /Development of coal mines		12	85
		<b>11,582</b>	<b>28,401</b>
<b>Profit after tax</b>		<b>82,013</b>	<b>74,148</b>
Balance brought forward		211	899
Write back from Bond Redemption Reserve		1,250	1,750
Write back from Foreign Project Reserve		*	-
*Rs.81,229			
Balance available for appropriation		83,474	76,797
Transfer to Bonds Redemption Reserve		4,537	3,822
Transfer to Capital Reserve		86	*
*Rs.12,723/-			
Transfer to General Reserve		44,000	39,000
Dividend			
Interim		23,087	22,263
Final - proposed		6,596	6,596
Tax on Dividend			
Interim		3,914	3,784
Final		1,103	1,121
<b>Balance carried to Balance Sheet</b>		<b>151</b>	<b>211</b>
<b>Expenditure during construction period (net)</b>	25		
Earning Per Share (Equity shares, face value Rs.10/- each) - Basic and Diluted (Rs.)		<b>9.95</b>	<b>8.99</b>
Notes on Accounts	26		
Schedules 1 to 26 and accounting policies form an integral part of accounts.			

For and on behalf of the Board of Directors

( A.K.RASTOGI )  
Company Secretary(A.K.SINGHAL)  
Director (Finance)( R.S. SHARMA )  
Chairman & Managing Director

As per our report of even date

For Varma and Varma  
Chartered Accountants(Cherian K. Baby)  
Partner  
M No.16043For S.K. Mittal & Co.  
Chartered Accountants(S.K. Mittal)  
Partner  
M No.8506For B.C.Jain & Co.  
Chartered Accountants(Ranjeet Singh)  
Partner  
M No.73488For Dass Gupta & Associates.  
Chartered Accountants(Ashok Kumar Jain)  
Partner  
M No.90563For Parakh & Co.  
Chartered Accountants(Aditya Rawat)  
Partner  
M No.71767For S.K. Mehta & Co.  
Chartered Accountants(Rohit Mehta)  
Partner  
M.No.91382Place : New Delhi  
Dated : 22<sup>nd</sup> May 2009



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009

	Current Year	Rs. million Previous Year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and Prior Period Adjustments	94678	105294
Adjustment for:		
Depreciation	23645	21385
Provisions	246	71
Deferred revenue on account of advance against depreciation	5626	7167
Deferred foreign currency fluctuation Assets/liability	(11743)	2554
Deferred Income from foreign currency fluctuation	6470	-
Interest charges	24921	16598
Guarantee fee & other finance charges	349	375
Interest/income on bonds/investments	(11330)	(12573)
Prior period adjustments (Net)	(1083)	(2745)
Dividend income	(138)	(96)
Provisions written back	(170)	(64)
Bonds issue and servicing expenses	64	12
Profit on disposal of fixed assets	(127)	(21)
Loss on disposal of fixed assets	403	136
	<b>37133</b>	<b>32799</b>
<b>Operating Profit before Working Capital Changes</b>	<b>131811</b>	<b>138093</b>
Adjustment for:		
Trade and other receivables	(6014)	(17305)
Inventories	(4833)	(555)
Trade payables and other liabilities	16577	5297
Loans and advances	(14428)	(1877)
Other current assets	(1288)	316
	<b>(9986)</b>	<b>(14124)</b>
<b>Cash generated from operations</b>	<b>121825</b>	<b>123969</b>
Direct taxes paid	(24944)	(26109)
<b>Net Cash from Operating Activities - A</b>	<b>96881</b>	<b>97860</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(100087)	(79964)
Disposal of fixed assets	248	89
Purchase of investments	-	(3854)
Sale of investment	16920	21322
Investment in subsidiaries/joint ventures	(4093)	(9218)
Loans & advances to subsidiaries	(125)	(167)
Interest/income on bonds/investment received	12054	13640
Income tax on interest/income on bonds/investment	(59)	(131)
Dividend received	138	96
<b>Net cash used in Investing activities - B</b>	<b>(75004)</b>	<b>(58187)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	73600	50231
Repayment of long term borrowings	(22666)	(21987)
Interest paid	(24298)	(17580)
Guarantee Fee & other Finance charges Paid	(347)	(375)
Dividend paid	(29683)	(28859)
Tax on dividend	(5035)	(4905)
Bonds issue and servicing expenses	(64)	(12)
<b>Net cash flow from financing activities - C</b>	<b>(8493)</b>	<b>(23487)</b>
<b>Net increase/decrease in cash and cash equivalents (A+B+C)</b>	<b>13384</b>	<b>16186</b>
<b>Cash and cash equivalents(Opening balance) *</b>	<b>149332</b>	<b>133146</b>
<b>Cash and cash equivalents(Closing balance) *</b>	<b>162716</b>	<b>149332</b>

NOTES : Cash and Cash Equivalents consists of Cash in Hand and balance with Banks

Previous year 's figures have been regrouped/rearranged wherever necessary.

\*Includes Rs.103 Million (Previous Year Rs.22 million) deposited as security with Government Authorities as per court orders.

For and on behalf of the Board of Directors

( A.K.RASTOGI )  
Company Secretary

(A.K.SINGHAL)  
Director (Finance)

( R.S. SHARMA )  
Chairman & Managing Director

As per our report of even date

For Varma and Varma  
Chartered Accountants

For B.C.Jain & Co.  
Chartered Accountants

For Parakh & Co.  
Chartered Accountants

(Cherian K. Baby)  
Partner  
M No.16043

(Ranjeet Singh)  
Partner  
M No.73488

(Aditya Rawat)  
Partner  
M No.71767

For S.K. Mittal & Co.  
Chartered Accountants

For Dass Gupta & Associates.  
Chartered Accountants

For S.K. Mehta & Co.  
Chartered Accountants

(S.K. Mittal)  
Partner  
M No.8506

(Ashok Kumar Jain)  
Partner  
M No.90563

(Rohit Mehta)  
Partner  
M.No.91382

Place : New Delhi  
Dated : 22<sup>nd</sup> May 2009

**Schedule 1****CAPITAL**

	<b>31.03.2009</b>	Rs. million <b>31.03.2008</b>
<b>AUTHORISED</b>		
10,000,000,000 equity shares of Rs.10/- each (Previous year 10,000,000,000 equity shares of Rs.10/- each)	<b>100,000</b>	100,000
8,245,464,400 equity shares of Rs.10/- each fully paid-up ( Previous year 8,245,464,400 equity shares of Rs.10/- each fully paid-up)	<b>82,455</b>	82,455

**Schedule 2****RESERVES AND SURPLUS****Capital Reserve**

As per last Balance Sheet

Add : Transfer from Profit &amp; Loss Account

\*Rs.12,723/-

**Security Premium Account****Bonds Redemption Reserve**

As per last Balance Sheet

Add : Transfer from Profit &amp; Loss Account

Less : Write back during the year

**Foreign Project Reserve**

As per last Balance Sheet

Less : Write back during the year

\*Rs.81,229/-

**General Reserve**

As per last Balance Sheet

Add : Transfer from Profit &amp; Loss Account

Less: Adjustments during the year

**Surplus in Profit & Loss Account****Total**

<b>1,312</b>	1,312
<b>86</b>	*
<b>1,398</b>	1,312
<b>22,281</b>	22,281
<b>13,602</b>	11,530
<b>4,537</b>	3,892
<b>1,250</b>	1,750
<b>16,889</b>	13,602
<b>*</b>	*
<b>*</b>	-
<b>-</b>	*
<b>406,525</b>	367,491
<b>44,000</b>	39,000
<b>(2)</b>	(34)
<b>450,527</b>	406,525
<b>151</b>	211
<b>491,246</b>	443,931

**Schedule 3****DEFERRED REVENUE - ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION**

As per last Balance Sheet

Add : Revenue deferred during the year

<b>13,734</b>	6,567
<b>5,626</b>	7,167
<b>19,360</b>	13,734





## Schedule 4

## SECURED LOANS

## Bonds

10.00% Secured Non-Convertible Taxable Bonds of Rs. 10,00,000/- each with five equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of the 6<sup>th</sup> year and in annual instalments thereafter upto the end of 10<sup>th</sup> year respectively from 5<sup>th</sup> September 2001 (Twelfth Issue - Private Placement)<sup>1</sup>

9.55% Secured Non-Cumulative Non-Convertible Taxable Redeemable Bonds of Rs. 10,00,000/- each redeemable at par in ten equal annual instalments commencing from the end of 6<sup>th</sup> year and upto the end of 15<sup>th</sup> year respectively from 18<sup>th</sup> April 2002 (Thirteenth Issue -Part A - Private Placement)<sup>2</sup>

9.55% Secured Non-Cumulative Non-Convertible Taxable Redeemable Bonds of Rs. 10,00,000/- each with ten equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of the 6<sup>th</sup> year and in annual instalments thereafter upto the end of 15<sup>th</sup> year respectively from 30<sup>th</sup> April 2002 (Thirteenth Issue - Part B - Private Placement)<sup>2</sup>

8.00% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each redeemable at par on 10<sup>th</sup> April 2018 (Sixteenth Issue -Private Placement)<sup>3</sup>

8.48% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each redeemable at par on 1<sup>st</sup> May 2023 (Seventeenth Issue - Private Placement)<sup>3</sup>

5.95% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each with five equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of 6<sup>th</sup> year and in annual instalments upto the end of 10<sup>th</sup> year respectively from 15<sup>th</sup> September 2003 (Eighteenth Issue - Private Placement)<sup>4</sup>

7.50% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each redeemable at par on 12<sup>th</sup> January 2019 (Nineteenth Issue - Private Placement)<sup>5</sup>

7.552% Secured Non Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 23<sup>rd</sup> September 2009 and ending on 23<sup>rd</sup> March 2019 (Twentieth Issue - Private Placement)<sup>6</sup>

7.7125% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 2<sup>nd</sup> August 2010 and ending on 2<sup>nd</sup> February 2020 (Twenty first issue - Private Placement)<sup>7</sup>

8.1771% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 2<sup>nd</sup> July 2011 and ending on 2<sup>nd</sup> January 2021 (Twenty second issue - Private Placement)<sup>8</sup>

8.3796% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 5<sup>th</sup> August 2011 and ending on 5<sup>th</sup> February 2021 (Twenty third issue - Private Placement)<sup>8</sup>

8.6077% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 9<sup>th</sup> September 2011 and ending on 9<sup>th</sup> March 2021 (Twenty fourth issue - Private Placement)<sup>8</sup>

9.37% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs.70,00,000/- each with fourteen Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 4<sup>th</sup> June 2012 and ending on 4<sup>th</sup> December 2018 (Twenty fifth issue - Private Placement)<sup>9</sup>

9.06% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs.70,00,000/- each with fourteen Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 4<sup>th</sup> June 2012 and ending on 4<sup>th</sup> December 2018 (Twenty sixth issue - Private Placement)<sup>9</sup>

11.25% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs.10,00,000/- each redeemable at par in five equal annual instalments commencing from 6<sup>th</sup> Nov 2019 and ending on 6<sup>th</sup> Nov 2023 (Twenty seventh issue - Private Placement)<sup>9</sup>

11% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs.10,00,000/- each redeemable at par on 21<sup>st</sup> November 2018 (Twenty Eighth issue - Private Placement)<sup>9</sup>

8.65% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs.10,00,000/- each redeemable at par on 4<sup>th</sup> February 2019 (Twenty ninth issue - Private Placement)<sup>9</sup>

## Loans and Advances from Banks

Foreign Currency Term Loans (Guaranteed by Government of India) (Due for repayment within one year Rs.1,398 million, Previous year Rs.1,105 million)<sup>10</sup>

## Other Loans and Advances

Obligations under finance lease (Due for repayment within one year Rs.4 million, Previous year Rs.3 million) <sup>11</sup>

## TOTAL

31.03.2009

Rs. million

31.03.2008

3,000

4,000

6,750

7,500

6,750

7,500

1,000

1,000

500

500

5,000

5,000

500

500

5,000

5,000

10,000

10,000

5,000

5,000

5,000

5,000

5,000

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5,000

5,000

5,000

3,500

-

10,000

-

5,500

-

7,180

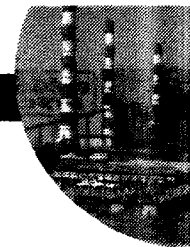
7,140

16

7

89,696

73,147



## Schedule 4

**SECURED LOANS****Note:**

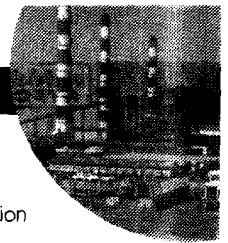
- 1 Secured by (I) English mortgage, on first charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement and (III) Equitable Mortgage, by way of first charge, by deposit of title deeds of the immovable properties pertaining to Singrauli Super Thermal Power Station.
- 2 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Singrauli Super Thermal Power Station by extension of charge already created.
- 3 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of title deeds of the immovable properties pertaining to National Capital Power Station.
- 4 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to National Capital Power Station by extension of charge already created.
- 5 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement.
- 6 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of title deeds of the immovable properties pertaining to Ramagundam Super Thermal Power Station.
- 7 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Barh Super Thermal Power Project on first pari-passu charge basis, ranking pari-passu with charge already created in favour of Trustee for other Series of Bonds and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Ramagundam Super Thermal Power Station by extension of charge already created.
- 8 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of the title deeds of the immovable properties pertaining to Sipat Super Thermal Power Project.
- 9 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Sipat Super Thermal Power Project by extension of charge already created.
- 10 Secured by English mortgage/hypothecation of all the present and future fixed and movable assets of Rihand Super Thermal Power Station as first charge, ranking pari-passu with charge already created, subject to however, Company's Banker's first charge on certain movable assets hypothecated to them for working capital requirement.
- 11 Secured against fixed assets obtained under finance lease.



**Schedule 5**  
**UNSECURED LOANS**

	<b>31.03.2009</b>	Rs. million <b>31.03.2008</b>
<b>Fixed Deposits</b>	<b>14</b>	<b>130</b>
(Due for repayment within one year <b>Rs.7 million</b> , Previous year Rs.121 million)		
<b>Foreign Currency Bonds / Notes</b>		
5.50 % Eurobonds due for repayment on 10 <sup>th</sup> March 2011	<b>10,310</b>	<b>8,038</b>
5.875 % Fixed Rate Notes due for repayment on 2 <sup>nd</sup> March 2016	<b>15,465</b>	<b>12,057</b>
<b>Loans and Advances</b>		
<b>From Banks and Financial Institutions</b>		
Foreign Currency Term Loans (Guaranteed by Government of India) (Due for repayment within one year <b>Rs.498 million</b> , Previous year Rs.381 million)	<b>28,842</b>	<b>22,455</b>
Other Foreign Currency Term Loans (Due for repayment within one year <b>Rs.2,296 million</b> , Previous year Rs.1,589 million)	<b>49,439</b>	<b>29,184</b>
Rupee Term Loans (Due for repayment within one year <b>Rs.19,301 million</b> , Previous year Rs.16,305 million)	<b>151,911</b>	<b>126,859</b>
<b>From Others</b>		
Loans from Government of India (Due for repayment within one year <b>Rs. 1 million</b> , Previous year Rs.36 million)	<b>1</b>	<b>36</b>
<b>TOTAL</b>	<b>255,982</b>	<b>198,759</b>





# Schedule 6 FIXED ASSETS

Rs. million

	Gross Block				Depreciation				Net Block	
	As at 1.04.2008	Additions	Deductions/ Adjustments	As at 31.03.2009	As at 1.04.2008	For the year	Deductions/ Adjustments	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
<b>TANGIBLE ASSETS</b>										
Land :										
(including development expenses)										
Freehold	13,347	838	(2,039)	16,224	-	-	-	16,224	16,224	13,347
Leasehold	2,811	1,573	(335)	4,719	432	122	-	554	4,165	2,379
Roads, bridges, culverts & helipads	4,131	95	(27)	4,253	805	70	-	875	3,378	3,326
Building :										
Freehold										
Main plant	19,661	4,781	(53)	24,495	9,656	638	76	10,218	14,277	10,005
Others	17,674	1,382	(85)	19,141	4,846	448	(25)	5,319	13,822	12,828
Leasehold	498	-	-	498	185	17	29	173	325	313
Temporary erection	236	23	(1)	260	233	24	(3)	260	-	3
Water Supply, drainage & sewerage system	5,283	415	(44)	5,742	2,003	283	-	2,286	3,456	3,280
MGR track and signalling system	6,443	2,230	14	8,659	5,009	242	11	5,240	3,419	1,434
Railway Siding	2,860	-	(35)	2,895	910	138	1	1,047	1,848	1,950
Earth Dam Reservoir	1,470	287	-	1,757	477	81	-	558	1,199	993
Plant and machinery	446,387	64,580	(10,004)	520,971	240,165	22,314	3,607	258,879	262,099	206,222
Furniture, fixtures & other office equipment	3,796	333	24	4,105	2,455	163	25	2,593	1,512	1,341
EDP, WP machines and SATCOM equipment	2,775	259	48	2,986	1,858	248	51	2,055	931	917
Vehicles including speedboats	86	9	3	92	69	3	4	68	24	17
Construction equipments	1,128	43	14	1,157	691	63	16	738	419	437
Electrical Installations	2,071	110	(2)	2,183	1,133	81	1	1,213	970	938
Communication Equipments	743	50	5	788	375	26	7	394	394	368
Hospital Equipments	227	10	5	232	139	9	6	142	90	88
Laboratory and workshop equipments	144	12	-	156	100	3	-	103	53	44
Leased assets - Vehicles	17	12	9	20	10	5	9	6	14	7
Capital expenditure on assets not owned by the Company	1,350	75	38	1,387	973	59	-	1,032	355	377
Assets of Government	28	-	-	28	-	-	-	-	28	28
Less: Grants from Government	28	-	-	28	-	-	-	-	28	28
Assets held for disposal valued at net book value or net realisable value whichever is less	20	-	-	20	-	-	-	-	20	20
<b>INTANGIBLE ASSETS</b>										
Land - Right of Use	13	-	-	13	-	-	-	-	13	13
Software	509	88	(180)	777	219	187	(1)	407	370	290
<b>Total</b>	<b>533,680</b>	<b>77,205</b>	<b>(12,645)</b>	<b>623,530</b>	<b>272,743</b>	<b>25,224</b>	<b>3,814</b>	<b>294,153</b>	<b>329,377</b>	<b>260,937</b>
Previous year	507,273	22,760	(3,647)	533,680	250,792	22,651	700	272,743	260,937	256,481

## Deduction/Adjustments from Gross Block includes:

Disposal/Retirement of assets	
Cost adjustments	
Assets capitalised with retrospective effect / Write back of excess capitalisation	
Depreciation on construction equipment capitalised as EDC	
Others	

Current Year	Previous Year
1,852	864
(18,243)	(3,576)
4,281	(73)
-	(44)
(535)	(818)
(12,645)	(3,647)

**Deduction/Adjustments from Depreciation includes:**

Disposal/Retirement of assets

Assets capitalised with retrospective effect / Write back of excess capitalisation

Depreciation on construction equipment capitalised as EDC

Others

	Rs. million
Current Year	Previous Year
1,328	660
2,391	54
-	5
95	(19)
3,814	700
23,645	21,385
1,043	1,093
141	172
2	1
393	-
25,224	22,651

**Depreciation for the the year is allocated as given below:**

Charged to Profit &amp; Loss account

Allocated to the fuel cost

Transferred to Expenditure during construction period (net) -(Schedule 25)

Transferred to development of coal mines

Adjustment with Deferred Income/Expense from Deferred Foreign Currency Fluctuation

**Schedule 7****CAPITAL WORK-IN-PROGRESS**

	As at 1.04.2008	Additions	Deductions & Adjustments	Capitalised	As at 31.03.2009
Development of land	2,434	891	396	-	2,929
Roads, bridges, culverts & helipads	771	217	310	95	583
Piling and foundation	7,566	1,764	1,381	-	7,949
Buildings :					
Main plant	7,404	5,155	(2,257)	4,781	10,035
Others	4,267	2,609	2,883	1,382	2,611
Temporary erection	22	44	5	19	42
Water supply, drainage and sewerage system	716	189	122	413	370
Hydraulic works, Barrages, Dams, Tunnels, and Power Channel	13,605	5,085	-	-	18,690
MGR track and signalling system	3,983	908	(68)	2,930	2,799
Railway siding	518	153	34	-	637
Earth dam reservoir	1,032	145	-	287	890
Plant and machinery	136,695	81,439	(326)	63,198	155,262
Furniture, fixtures and other office equipment	90	101	30	93	68
EDP/WP Machines & SATCOM equipment	23	74	3	63	31
Construction Equipments	2	-	-	2	-
Electrical installations	518	408	136	88	702
Communication equipment	22	28	11	17	22
Intangible assets - software	188	5	179	13	1
Capital expenditure on assets not owned by the company	546	193	(74)	75	738
Exploratory Wells-in-Progress	11	21	-	-	32
Development of Coal Mines	792	245	-	-	967
	181,135	99,674	2,765	72,756	205,288
<b>Expenditure pending allocation</b>					
Survey, investigation, consultancy and supervision charges	618	93	20	-	691
Difference in exchange on foreign currency loans	(220)	20,149	17,866	-	2,063
Expenditure towards diversion of forest land	1,114	563	-	-	1,677
Pre-commissioning expenses (net)	799	79	645	-	233
Expenditure during construction period (net)	1,075	16,391*	6	-	17,460
Less: Allocated to related works	-	15,053	-	-	15,053
	184,521	121,896	21,302	72,756	212,359
Less: Provision for unserviceable works	132	16	-	-	148
<b>Total</b>	184,389	121,880	21,302	72,756	212,211
Previous Year	128,567	78,234	3,266	19,146	184,389

\* Brought from Expenditure during construction period (net) - Schedule 25

**Schedule 8****CONSTRUCTION STORES AND ADVANCES**

	<b>31.03.2009</b>	Rs. million <b>31.03.2008</b>
<b>CONSTRUCTION STORES *</b>		
(At cost)		
Steel	<b>10,844</b>	5,997
Cement	<b>169</b>	155
Others	<b>6,365</b>	10,949
	<b>17,378</b>	17,101
Less: Provision for shortages	<b>11</b>	7
	<b>17,367</b>	17,094
<b>ADVANCES FOR CAPITAL EXPENDITURE</b>		
Secured	<b>1,273</b>	342
Unsecured, considered good		
Covered by bank guarantees	<b>28,757</b>	20,011
Others	<b>4,441</b>	2,947
Considered doubtful	<b>67</b>	67
	<b>34,538</b>	23,367
Less: Provision for bad & doubtful advances	<b>67</b>	67
	<b>34,471</b>	23,300
<b>Total</b>	<b>51,838</b>	40,394
	<b>9,433</b>	12,185

\* Includes material in transit, under inspection and with contractors







## Schedule 9

**INVESTMENTS**

(Valuation as per Accounting Policy No.10)

	Number of shares/bonds/ securities Current Year/ (Previous Year)	Face value per share/bond/ security Current Year/ (Previous Year) (Rs.)	<b>31.03.2009</b>	Rs. million 31.03.2008
<b>LONG TERM (Trade - unless otherwise specified)</b>				
<b>A) Quoted</b>				
a) <b>Government of India Dated Securities (Non-Trade)</b>	19139000 (19139000)	100 (100)	<b>1,875</b>	1,896
Less: Amortisation of Premium			<b>10</b>	21
			<b>1,865</b>	1875
b) <b>Equity Shares (fully paid-up)</b>				
PTC India Ltd.	12000000 (12000000)	10 (10)	<b>120</b>	120
<b>Sub Total (A)</b>			<b>1,985</b>	1995
<b>B) Unquoted (fully paid-up)</b>				
a) <b>Bonds</b>				
i) <b>8.50 % Tax-Free State Government Special Bonds of the Government of<sup>(*)</sup></b>				
Andhra Pradesh	8824550 (10085200)	1000 (1000)	<b>8,824</b>	10,085
Assam	360248 (411712)	1000 (1000)	<b>360</b>	412
Bihar	13260800 (15155200)	1000 (1000)	<b>13,261</b>	15,155
Chattisgarh	3382540 (3865760)	1000 (1000)	<b>3,382</b>	3,866
Gujarat	5860680 (6697920)	1000 (1000)	<b>5,861</b>	6,698
Haryana	7525000 (8600000)	1000 (1000)	<b>7,525</b>	8,600
Himachal Pradesh	233716 (267104)	1000 (1000)	<b>234</b>	267
Jammu and Kashmir	2571520 (2938880)	1000 (1000)	<b>2,571</b>	2,939
Jharkhand	6720856 (7680976)	1000 (1000)	<b>6,721</b>	7,681
Kerala	7016800 (8019200)	1000 (1000)	<b>7,017</b>	8,019
Madhya Pradesh	5815880 (6646720)	1000 (1000)	<b>5,816</b>	6,647
Maharashtra	2669800 (3051200)	1000 (1000)	<b>2,670</b>	3,051
Orissa	7720118 (8822992)	1000 (1000)	<b>7,720</b>	8,823
Punjab	2423610 (2769840)	1000 (1000)	<b>2,424</b>	2,770
Rajasthan	1160000 (1450000)	1000 (1000)	<b>1,160</b>	1,450
Sikkim	239372 (273568)	1000 (1000)	<b>239</b>	274
Uttar Pradesh	27929300 (31919200)	1000 (1000)	<b>27,929</b>	31,919

## Schedule 9

## INVESTMENTS

(Valuation as per Accounting Policy No.10)

	Number of shares/bonds/ securities	Face value per share/bond/ security	31.03.2009	Rs. million 31.03.2008
	Current Year/ (Previous Year)	Current Year/ (Previous Year)		
		(Rs.)		
Uttaranchal	2797550 (3197200)	1000 (1000)	2,798	3,197
West Bengal	8219736 (9393984)	1000 (1000)	8,220	9,394
<b>ii) Other Bonds</b>				
10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa (GRIDCO) Power Bonds, Series-1/2003, 03/2002, 03/2009	0 (2660)	- (25000)	-	67
10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa (GRIDCO) Power Bonds, Series-1/2003, 06/2002, 06/2009	3744 (3744)	12500 (37500)	47	140
10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa (GRIDCO) Power Bonds, Series-1/2003, 09/2002, 09/2009	3780 (3780)	12500 (37500)	47	142
10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa (GRIDCO) Power Bonds, Series-1/2003 - 10/2002, 10/2009	5970 (5970)	25000 (50000)	149	299
<b>b) Equity Shares in Joint Venture Companies (fully paid-up)</b>				
Utility Powertech Ltd.	2000000 (1000000)	10 (10)	10	10
(Current year 1,000,000 bonus shares issued)				
NTPC-Alstom Power Services Private Ltd.	3000000 (3000000)	10 (10)	30	30
NTPC-SAIL Power Company Private Ltd.	475250050 (390250050)	10 (10)	4,752	3,902
NTPC-Tamil Nadu Energy Company Ltd.	190000000 (190000000)	10 (10)	1,900	1,900
Ratnagiri Gas & Power Private Ltd.	500000000 (500000000)	10 (10)	5,000	5,000
Aravali Power Company Private Ltd.	458524200 (428524200)	10 (10)	4,585	4,285
NTPC-SCCL Global Ventures Private Ltd.	50000 (50000)	10 (10)	*	*
(*Current/previous year Rs.5,00,000/-)				
NTPC BHEL Power Projects Private Ltd.	50000 (-)	10 (-)	1*	-
(*Current year Rs.5,00,000/-)				
Meja Urja Nigam Private Limited	100000 (-)	10 (-)	1	-
BF-NTPC Energy Systems Ltd.	49000 (-)	10 (-)	1*	-
(*Current year Rs.4,90,000/-)				
National Power Exchange Ltd.	833500 (-)	10 (-)	8	-
Nabinagar Power Generating Company Pvt. Ltd.	50000 (-)	10 (-)	1*	-
(*Current year Rs.5,00,000/-)				
<b>c) Equity Shares in Subsidiary Companies</b>				
Pipavav Power Development Company Ltd.	375000 (375000)	10 (10)	4	4
NTPC Electric Supply Company Ltd.	80910 (80910)	10 (10)	*	*
(*Current/previous year Rs.8,09,100/-)				
NTPC Vidyut Vyapar Nigam Ltd.	20000000 (20000000)	10 (10)	200	200
NTPC Hydro Ltd.	92426200 (56280000)	10 (10)	924	563



## Schedule 9

## INVESTMENTS

(Valuation as per Accounting Policy No.10)

	Number of shares/bonds/ securities	Face value per share/bond/ security	31.03.2009	Rs. million 31.03.2008
	Current Year/ (Previous Year)	Current Year/ (Previous Year) (Rs.)		
Kanti Bijlee Utpadan Nigam Ltd. (Formerly Vaishali Power Generating Company Ltd.) (*Current/previous year <b>Rs.5,10,000/-</b> )	51000 (51000)	10 (10)	*	*
Bhartiya Rail Bijlee Company Ltd.	185000000 (74000)	10 (10)	<b>1,850</b>	1
<b>d) Shares in Cooperative Societies</b>			<b>8</b>	<b>8</b>
<b>Sub Total (B)</b>			<b>134,242</b>	147,790
<b>C) Share application money pending allotment in :</b>				
NTPC Hydro Ltd.			<b>3</b>	60
Kanti Bijlee Utpadan Nigam Ltd. (Formerly Vaishali Power Generating Company Ltd.)			<b>594</b>	571
Bhartiya Rail Bijlee Company Ltd.			<b>571</b>	1,956
Aravali Power Company Private Ltd.			-	300
NTPC-Tamilnadu Energy Company Ltd.,			<b>160</b>	-
Ratnagiri Gas & Power Private Ltd.			<b>1,929</b>	-
Meja Urja Nigam Private Limited			<b>301</b>	-
NTPC BHEL Power Projects Private Ltd.			<b>50</b>	-
<b>Sub Total (C)</b>			<b>3,608</b>	2,887
<b>Total</b>			<b>139,835</b>	<b>152,672</b>
<b>Quoted Investments</b>				
Book Value			<b>1,985</b>	1,995
Market Value			<b>2,755</b>	3,043
<b>Unquoted Investments</b>				
Book Value			<b>137,850</b>	150,677
Current investments were purchased and realised on maturity (at cost)				
Government of India				
Treasury bills			-	3,854
(#) Includes bonds of <b>Rs. 65,623 million</b> (previous year Rs.65,913 million) permitted for transfer/trading by Reserve Bank of India. Balance can be transferred/ traded subject to prior approval of Reserve Bank of India.				
<b>B Shares in Co-operative societies (unquoted)</b>			Rs.	Rs.
NTPC Employees Consumers and Thrift Co-operative Society Ltd. Korba	500 (500)	10 (10)	<b>5,000</b>	5,000
NTPC Employees Consumers and Thrift Cooperative Society Ltd. Ramagundam	250 (250)	10 (10)	<b>2,500</b>	2,500
NTPC Employees Consumers Cooperative Society Ltd. Farakka	500 (500)	10 (10)	<b>5,000</b>	5,000
NTPC Employees Consumers Cooperative Society Ltd. Vindhyachal	108 (108)	25 (25)	<b>2,700</b>	2,700
NTPC Employees Consumers Cooperative Society Ltd. Anta	500 (500)	10 (10)	<b>5,000</b>	5,000
NTPC Employees Consumers Cooperative Society Ltd. Kawas	500 (500)	10 (10)	<b>5,000</b>	5,000
NTPC Employees Consumers Cooperative Society Ltd. Kaniha	250 (250)	20 (20)	<b>5,000</b>	5,000
			<b>30,200</b>	30,200



**Schedule 10****INVENTORIES**

(Valuation as per Accounting Policy No.11)

Components and spares

Loose tools

Coal

Fuel oil

Naphtha

Chemicals &amp; consumables

Steel Scrap

Others

Less: Provision for shortages

Provision for obsolete/ unserviceable items/  
diminution in value of surplus inventory**Total**

Inventories include material in transit, under inspection and with contractors

**31.03.2009**

Rs. million

**31.03.2008****17,429**

15,609

**46**

44

**11,133**

6,694

**1,797**

1,470

**860**

1,599

**281**

731

**116**

93

**1,262**

815

**32,984**

27,055

**51**

23

**439**

275

**32,434**

26,757

**1,327**

1,772

**Schedule 11****SUNDRY DEBTORS**

(Considered good, unless otherwise stated)

Debts outstanding over six months

Unsecured

Considered doubtful

Other debts

Unsecured

Less: Provision for bad &amp; doubtful debts

**Total****8,361**

676

8,362

**8,361**

9,038

**35,842**

29,151

**44,903**

38,189

**8,361**

8,362

**35,842**

29,827

**Schedule 12****CASH & BANK BALANCES**

Cash on hand

(includes cheques, drafts, stamps on hand **Rs.15 million**,  
previous year Rs.94 million)

Balance with Reserve Bank of India earmarked for fixed deposits from public

Balances with scheduled banks

Current Accounts (a)

Term Deposit Accounts (b)

Balance with other banks

Call Deposit Account

West LB AG, London (c)

**Total****15**

96

**308**

308

**2,395**

4,326

**159,998**

144,536

**66**

66

**162,716**

149,332

(a) Includes **Rs.58 million** of Unclaimed Dividend (Previous year Rs.55 million)(b) **Rs.103 million** (Previous year Rs.22 million) deposited as security with Government Authorities/Others as per court orders.(c) Maximum amount outstanding at any time during the year **Rs.73 million** (Previous year Rs.67 million)

**Schedule 13****OTHER CURRENT ASSETS**

Interest accrued :

Government of India dated securities

Bonds

Term deposits

Others

Other recoverables

Others

**Total****31.03.2009**

Rs. million

**31.03.2008****47****47****5,236****5,950****4,242****2,895****138****221****118****97****11****8****9,792****9,218****Schedule 14****LOANS AND ADVANCES**

(Considered good, unless otherwise stated)

**LOANS**

Employees (including accrued interest)

Secured

Unsecured

Considered doubtful

Loan to State Government in settlement of dues from customers

Unsecured

Loan to a Subsidiary Company (including accrued interest)

Secured

Unsecured

Others

Secured

Unsecured

**ADVANCES**

(Recoverable in cash or in kind or for value to be received)

Subsidiary Companies

Unsecured

Contractors &amp; suppliers, including material issued on loan

Secured

Unsecured

Considered doubtful

Employees (including imprest)

Unsecured

Considered doubtful

Advance tax &amp; tax deducted at source

Less: Provision for taxation

Others

Unsecured

Considered doubtful

Claims recoverable

Unsecured

Considered doubtful

Less: Provision for bad and doubtful loans, advances and claims

**DEPOSITS**Deposits with customs, port trust and others <sup>(#)</sup>**Total**

(#) Sales Tax deposited under protest with sales tax authorities

Due from Directors &amp; Officers of the Company

Directors

Officers

Maximum amount outstanding during the year

Directors

Officers

**3,927****4,420****1,044****788****2****2****7,179****8,137****308****-****-****202****2,200****2,200****1****1****247****228****37****48****9,883****1,467****1****1****3,283****1,587****1****1****69,697****67,862****34,734****49,790****34,963****18,072****726****532****152****294****63,954****37,980****3,325****1,555****34****33****190****331****67,123****39,237****1,346****1,117****68,469****40,354****271****194****3****1****1,145****654****3****1****1,443****790**

**Schedule 15****CURRENT LIABILITIES**

	31.03.2009	Rs. million 31.03.2008
Sundry Creditors		
For capital expenditure		
Micro & Small Enterprises (*Rs.2,03,017/-)		2
Others	23,673	16,106
For goods and services		
Micro & Small Enterprises	10	10
Others	28,392	16,328
Book overdraft	115	122
Deposits, retention money from contractors and others	12,411	15,840
Less: Bank deposits/investments held as security	132	145
	64,469	48,263
Advances from customers and others	4,520	2,958
Other liabilities	1,951	1,437
Unclaimed dividend (#)	58	55
Interest accrued but not due :		
Loans from Government of India (*Rs.60,080/-)		1
Foreign currency loans/bonds	443	372
Rupee term loans	921	854
Bonds	2,025	1,537
Fixed deposits from public	4	6
<b>Total</b>	<b>74,391</b>	<b>55,483</b>

(#) No amount is due for payment to Investor Education and Protection Fund

**Schedule 16****PROVISIONS**

Income/Fringe Benefit Tax		20
As per last balance sheet		28,486
Additions during the year	11,594	(21,284)
Amount adjusted during the year	(23,140)	49,790
Less: Set off against taxes paid	34,734	-
Proposed dividend		
As per last balance sheet	6,596	6,596
Additions during the year	6,596	6,596
Amounts used during the year	6,596	6,596
	6,596	6,596
Tax on proposed dividend		
As per last balance sheet	1,121	1,121
Additions during the year	1,103	1,121
Amounts paid during the year	1,121	1,121
	1,103	1,121
Employee benefits		
As per last balance sheet	15,293	9,007
Additions during the year	8,541	7,191
Amounts paid during the year	1,907	905
	21,927	15,293
Obligations incidental to Land Acquisition	2,842	-
Others		
As per last balance sheet	806	284
Additions during the year	5	524
Amounts adjusted during the year	783	1
Amounts reversed during the year	1	1
	27	806
<b>Total</b>	<b>32,495</b>	<b>23,816</b>

**Schedule 17****SALES**

Energy Sales (including Electricity Duty) \*

Less : Advance against depreciation deferred

Add : Exchange fluctuation receivable from customers

Consultancy, project management and supervision fees(including turnkey construction projects)

**Total**

Current Year
422,861
5,626
1,894
430,381
1,325
431,706

Rs. million  
Previous Year

378,493

7,167

250

371,576

1,039

372,615

\* Includes Rs.7,583 million (previous year Rs.22,761 million) on account of income tax recoverable from beneficiaries as per CERC Regulations.

**Schedule 18****PROVISIONS WRITTEN BACK**

Doubtful Debts

Doubtful loans, advances and claims

Doubtful construction advances

Shortage in construction stores

Shortage in stores

Obsolescence/Dimunition in value of surplus stores

Unserviceable Capital work-in-progress

Others

1
143
-
4
11
8
-
1
170

-

8

1

1

15

36

2

1

64



## Schedule 19

**OTHER INCOME****Income from Long Term Investments****Trade**

Dividend from Subsidiaries	78	23
Dividend from Joint Ventures	60	73
Interest		
Government Securities (8.5% tax free bonds issued by the State Governments)	10,805	12,209
Other Bonds (Gross) (Tax deducted at source Rs.12 million, Previous year Rs.21 million)	43	83

**Non -Trade**

Interest from Government of India Securities (Gross)	131	156
Less: Amortisation of premium	10	21

**Income from Current Investments (Non-Trade)**

Income on redemption of Government of India Treasury Bills	-	146
Dividend from Mutual Fund Investments	361	-

**Income from Others**

Interest (Gross) (Tax deducted at source Rs.3,672 million, previous year Rs.3,237 million)

Loan to State Government in settlement of dues from customers	671	752
Indian banks	15,803	13,850
Foreign banks	(15)	5
Employees' loans	175	194
Customers	967	166
Others	530	384
Subsidiary Company	42	14
Interest on Income Tax refunds	3,306	-
Less: Refundable to customers	1,107	-

Surcharge received from customers	67	1
Hire charges for equipment	13	26
Profit on disposal of fixed assets	127	21
Exchange differences	633	122
Miscellaneous income	1,150	1,394

Less: Transferred to Expenditure during construction period (net) - Schedule 25	413	394
Transferred to Deferred Foreign Currency Fluctuation Liability	610	-
Transferred to Development of coal mines	1	1

**Total****Current Year**Rs. million  
**Previous Year**

## Schedule 20

**EMPLOYEES' REMUNERATION AND BENEFITS**

Salaries, wages, bonus, allowances & benefits	19,061	16,941
Contribution to provident and other funds	6,746	2,152
Welfare expenses	3,169	3,200

Less: Allocated to fuel cost

    Transferred to development of coal mines

    Transferred to expenditure during construction period (net) - Schedule 25

**Total**

	19,061	16,941
	6,746	2,152
	3,169	3,200
	28,976	22,293
	1,228	975
	158	90
	2,959	2,268
	24,631	18,960



## Schedule 21

## GENERATION, ADMINISTRATION &amp; OTHER EXPENSES

	Current Year	Rs. million Previous Year
Power charges	1,010	771
Less: Recovered from contractors & employees	126	120
	884	651
Water charges	932	754
Stores consumed	310	268
Rent	158	162
Less: Recoveries	56	76
	102	86
Repairs & Maintenance		
Buildings	940	760
Plant & Machinery		
Power stations	9,391	9,190
Construction equipment	9	10
	9,400	9,200
Others		
Insurance	792	402
Rates and taxes	461	442
Water Cess & Environment Protection Cess	198	184
Training & Recruitment expenses	255	228
Less: Fees for application and training	417	346
	36	17
	381	329
Communication expenses	275	272
Travelling expenses	1,274	1,125
Tender expenses	217	136
Less: Receipt from sale of tenders	90	14
	197	122
Payment to Auditors	25	21
Advertisement and publicity	109	87
Security expenses	1,663	1,688
Entertainment expenses	137	114
Expenses for guest house	94	77
Less: Recoveries	12	11
	82	66
Education expenses	183	181
Brokerage & commission	14	13
Donations	1	6
Community development and welfare expenses	138	155
Less: Grants-in-aid	9	22
	129	133
Ash utilisation & marketing expenses	47	66
Less: Sale of ash products (*Rs.251,280/-)	-	*
	47	66
Directors sitting fee (*Rs.420,000/-)	2	*
Books and periodicals	17	28
Professional charges and consultancy fees	292	292
Legal Expenses	46	50
EDP hire and other charges	122	103
Printing and stationery	102	85
Oil & gas exploration expenses	87	107
Claims/Advances written off	2	-
Hiring of vehicles	316	283
Miscellaneous expenses	1,027	477
Stores written off	2	2
Survey & Investigation expenses written off	36	31
Loss on disposal/write-off of fixed assets	403	136
	21,245	18,792
Less: Allocated to fuel cost	1,450	1,134
Transferred to development of coal mines	84	173
Transferred to Expenditure during construction period (net) - Schedule 25	1,519	1,201
<b>Total</b>	<b>18,192</b>	<b>16,284</b>
Spares consumption included in repairs and maintenance	5,922	5,851

**Schedule 22****PROVISIONS**

Doubtful debts
Doubtful advances and claims
Doubtful advances for construction
Shortage in stores
Obsolete/Diminution in the value of surplus stores
Shortage in construction stores
Unserviceable capital work-in-progress
Others
<b>Total</b>

<u>Current Year</u>
-
4
-
41
172
8
16
5
<b>246</b>

<u>Rs. million</u>
<u>Previous Year</u>
1
13
1
13
31
5
2
5
<b>71</b>

**Schedule 23****INTEREST AND FINANCE CHARGES****Interest on :**

Bonds
Loans from Government of India
Foreign Currency Term Loans
Rupee Term loans
Public deposits
Foreign currency Bonds/Notes
Amounts payable to customers
Others
Exchange differences regarded as adjustment to interest costs

<b>6,052</b>
5
<b>2,301</b>
<b>11,361</b>
3
<b>1,738</b>
<b>72</b>
<b>701</b>
<b>2,688</b>
<b>24,921</b>

5,002
11
1,728
9,449
13
1,461
15
174
(1,255)
<b>16,598</b>

**Finance Charges :**

Bonds servicing & public deposit expenses
Guarantee Fee
Management Fee
Commitment charges/exposure premium
Rebate to customers
Reimbursement of L.C.charges on Sales Realisation
Bank Charges
Bond Issue Expenses
Legal expenses on foreign currency loans
Exchange differences
Foreign currency Bonds/ Notes expenses
Others

<b>18</b>
<b>339</b>
1
9
<b>6,700</b>
<b>133</b>
<b>21</b>
<b>45</b>
-
<b>609</b>
<b>1</b>
<b>26</b>
<b>7,902</b>
<b>32,823</b>
<b>12,252</b>
<b>342</b>
<b>20,229</b>

10
334
26
15
7,203
85
15
1
1
483
1
24
<b>8,198</b>
<b>24,796</b>
<b>6,815</b>
-
<b>17,981</b>

**Sub-Total**

Less: Transferred to Expenditure during construction period (net) - Schedule 25  
 Transferred to Deferred Foreign Currency Fluctuation Asset

**Total**



## Schedule 24

**PRIOR PERIOD INCOME/EXPENDITURE (NET)**

	Current Year	Rs. million Previous Year
<b>INCOME</b>		
Sales	4,440	(5,561)
Others	26	1
	<u>4,466</u>	<u>(5,560)</u>
<b>EXPENDITURE</b>		
Salary, wages, bonus, allowances & benefits	(5)	17
Repairs and Maintenance	3	6
Depreciation	(2,391)	54
Interest including exchange differences regarded as adjustment to interest cost	7,539	7
Insurance	(1)	-
Rebate to customers	-	(399)
Advertisement and publicity	1	(1)
Professional consultancy charges	2	5
Rates & Taxes	(14)	6
Fuel	-	(2,502)
Rent	1	-
Power charges	-	12
Depreciation adjustment out of Deferred Expenses/Income from Foreign Currency Fluctuation	736	-
Exchange differences	(469)	-
Others	19	2
	<u>5,421</u>	<u>(2,793)</u>
<b>Net Expenditure/(Income)</b>	<u>789</u>	<u>2,767</u>
Less: Transferred to Expenditure during construction period (net) -		
Schedule 25	(78)	22
Transferred to Deferred Foreign Currency Fluctuation Asset/Liability	(850)	-
<b>Total</b>	<u>1,083</u>	<u>2,745</u>



## Schedule 25

## EXPENDITURE DURING CONSTRUCTION PERIOD (NET)

	Current Year	Rs. million Previous Year
<b>A. Employees remuneration and other benefits</b>		
Salaries, wages, allowances and benefits	1,949	1,687
Contribution to provident and other funds	678	251
Welfare expenses	392	330
<b>Total (A)</b>	<b>2,959</b>	<b>2,268</b>
<b>B. Other Expenses</b>		
Power charges	502	350
Less: Recovered from contractors & employees	8	7
	494	343
Water charges	-	3
Rent	18	25
Repairs & maintenance		
Buildings	44	37
Construction equipment	4	2
Others	92	68
	140	107
Insurance	11	8
Rates and taxes	23	19
Communication expenses	36	41
Travelling expenses	241	170
Tender expenses	62	22
Less: Income from sale of tenders	1	2
	61	20
Payment to Auditors		2
Advertisement and publicity	13	20
Security expenses	173	153
Entertainment expenses	22	18
Guest house expenses	0	9
Education expenses	1	2
Books and periodicals	6	3
Community development expenses	7	18
Professional charges and consultancy fee	47	23
Legal expenses	3	5
EDP Hire and other charges	7	14
Printing and stationery	8	11
Miscellaneous expenses	200	187
<b>Total (B)</b>	<b>1,519</b>	<b>1,201</b>
<b>C. Depreciation</b>	<b>141</b>	<b>172</b>
<b>Total (A+B+C)</b>	<b>4,619</b>	<b>3,641</b>

**D. Interest and Finance Charges**

## Interest on

Bonds

Foreign Currency Term Loans

Rupee Term loans

Foreign currency Bonds/Notes

Exchange Differences regarded as adjustment to Interest Cost

## Finance Charges

Commitment charges

Management fee / arrangers fees

Legal expenses on Foreign Currency Loans

Exchange differences

Foreign currency Bonds/Notes expenses

Others

**Total (D)****E. Less : Other Income**

## Interest from

Indian Banks

Foreign Banks

Employees

Others

Hire Charges

Sale of scrap

Miscellaneous income

**TOTAL (E)****F. Prior Period Adjustments****G. Income/Fringe Benefit Tax****GRAND TOTAL (A+B+C+D-E+F+G)****\* Balance carried to Capital Work-in-progress - (Schedule 7)**

	Current Year	Rs. million Previous Year
	3,925	2,100
	1,179	899
	6,305	4,849
	651	816
	811	(2,378)
	6	15
	-	25
	-	1
	-	459
	2	2
	73	27
<b>Total (D)</b>	<b>12,252</b>	<b>6,815</b>
	6	-
	7	2
	-	16
	242	117
	12	21
	4	23
	142	215
<b>TOTAL (E)</b>	<b>413</b>	<b>394</b>
<b>F. Prior Period Adjustments</b>	<b>(78)</b>	<b>22</b>
<b>G. Income/Fringe Benefit Tax</b>	<b>11</b>	<b>84</b>
<b>GRAND TOTAL (A+B+C+D-E+F+G)</b>	<b>16,391*</b>	<b>10,168</b>

## SCHEDULE 26

## NOTES ON ACCOUNTS

1. a) The conveyancing of the title to **10,844 acres** of freehold land of value **Rs. 4,950 million** (previous year 10,288 acres of value Rs.3,563 million) and buildings & structures valued at **Rs.1,137 million** (previous year Rs.782 million), as also execution of lease agreements for **8,820 acres** of land of value **Rs.2,720 million** (previous year 7,403 acres, value Rs.820 million) in favour of the Company are awaiting completion of legal formalities.
- b) Land does not include cost of **1,181 acres** (previous year 1,181 acres) of land in possession of the Company. This will be accounted for on settlement of the price thereof by the State Government Authorities.
- c) Land includes **1,223 acres** of value **Rs.110 million** (previous year 1,334 acres of value Rs.113 million) not in possession of the Company. The Company is taking appropriate steps for repossession of the same.
- d) Land includes an amount of **Rs.1,243 million** (previous year Rs.1,590 million) deposited with various authorities in respect of land in possession which is subject to adjustment on final determination of price.
- e) The cost of right of use of land for laying pipelines amounting to **Rs. 13 million** (previous year Rs.13 million) is included under intangible assets. The right of use is perpetual in nature and accordingly not amortised.
2. a) The Central Electricity Regulatory Commission (CERC) has notified by Regulations in March 2004, the terms and conditions for determination of tariff applicable with effect from 1<sup>st</sup> April 2004 for a period of five years. The CERC has issued final tariff orders for all the stations/units except for two stations (four units), where sales of **Rs.13,172 million**, for the current year (previous year Rs.15,028 million) have been recognised based on provisional tariff orders issued by CERC.
- b) In respect of stations/units where the CERC had issued final tariff orders applicable from 1<sup>st</sup> April 2004, the Company aggrieved over many of the issues as considered by the CERC in the tariff orders, filed an appeal with the Appellate Tribunal for Electricity (ATE). The ATE has disposed off the appeal favourably directing the CERC to revise the tariff orders as per the directions and methodology given. The CERC has filed an appeal with the Hon'ble Supreme Court of India on some of the issues decided by the ATE which is pending and is yet to issue the revised tariff orders for the balance issues in respect of some of the stations as per the directions of the ATE. Sales for the year in respect of these stations amounting to **Rs.370,661 million** (previous year Rs.307,013 million) have been accounted for based on provisional tariff worked out by the Company as per the methodology and directions as decided by the ATE.
- c) Sales in respect of one of the stations has been provisionally recognised at **Rs.14,402 million** (previous year Rs.13,074 million) on the basis of principles enunciated under CERC Regulations, 2004, as against the billing of **Rs.14,569 million** (previous year Rs.13,258 million) as per tariff order issued by CERC, prior to the takeover of the station by the company.
- d) Sales of **Rs.10,201 million** (previous year Rs.11,336 million) pertaining to previous years has been recognised based on the orders issued by CERC/ATE.
3. Depreciation has been charged at the rates specified in Schedule XIV of the Companies Act, 1956 except as stated in accounting policy no.12.2.1. Government of India in January 2006 notified the Tariff Policy under the provisions of the Electricity Act, 2003 which provides that the rates of depreciation notified by the CERC would be applicable for the purpose of tariff as well as accounting. Subsequent to the notification of the Tariff Policy, the CERC has not revised the rates of depreciation for the tariff period 1<sup>st</sup> April 2004 to 31<sup>st</sup> March 2009. The Company has been advised that the Tariff Policy cannot override the provisions of the Companies Act, 1956 and it is required to follow Schedule XIV of the Companies Act, 1956 in the absence of any specific deviation contained in the Electricity Act, 2003 which could be said to have been saved by Section 616 of the Companies Act, 1956. The Company has also been advised that there is no such provision in the Electricity Act, 2003 either prescribing the rates of depreciation for the generating Company or otherwise empowering any authority for providing depreciation rates for accounting purposes in supersession of the provisions of the Companies Act, 1956.
4. Due to uncertainty of realisation in the absence of sanction by the Government of India (GOI), the Company's share of net annual profits of one of the stations taken over by the Company in June 2006 for the period 1<sup>st</sup> April 1986 to 31<sup>st</sup> May 2006 amounting to **Rs. 1,155 million** (previous year Rs.1,155 million) being balance receivable in terms of the management contract with the GOI has not been recognised.
5. The pay revision of the employees of the Company is due w.e.f 1<sup>st</sup> January 2007. Pending implementation of pay revision, provision for the year **Rs. 5,342 million** (previous year Rs.4,094 million) and up to the year **Rs.10,415 million** (upto previous year 31<sup>st</sup> March 2008 Rs.5,073 million) has been made towards wage revision on an estimated basis having regard to the guidelines issued by Department of Public Enterprises, GOI. A sum of **Rs.3,142 million** (previous year Rs. 1,444 million) paid as adhoc advance towards pay revision is included in 'Loans and Advances' (Schedule 14).
6. In accordance with the Uttar Pradesh Electricity Reforms (Transfer of Tanda Generation Undertaking) Scheme 2000, the assets for **Rs. 6,070 million** (previous year Rs.6,070 million) of Tanda Power Station of UP State Electricity Board (UPSEB) were handed over to the Company free from all encumbrances. However, the mortgage created by UPSEB on fixed assets in favour of Life Insurance Corporation of India (LIC) before the assets were taken over was not vacated. Uttar Pradesh Rajkiya Vidyut Utpadan Nigam Ltd (erstwhile UPSEB) has confirmed the repayment of loan to LIC and the process of de-mortgage of fixed assets of Tanda Power Station is in progress.
7. The amount reimbursable to GOI in terms of Public Notice No.38 dated 5<sup>th</sup> November, 1999 and Public Notice No.42 dated 10<sup>th</sup> October, 2002 towards cash equivalent of the relevant deemed export benefits paid by GOI to the contractors for one of the stations amounted to **Rs.2,768 million** (previous year Rs.2,768 million) out of which **Rs.2,696 million** (previous year Rs.2,696 million) has been deposited with the GOI and liability for the balance amount of **Rs.72 million** (previous year Rs.72 million) has been provided for. No interest has been provided on the reimbursable amounts as there is no stipulation for payment of interest in the public notices cited above.



8. As per the direction of the Ministry of Power (MOP), a memorandum of understanding was signed between the Company, Gujarat Power Corporation Ltd. (GPCL) and Gujarat Electricity Board (GEB) on 20<sup>th</sup> February 2004 to set up Pipavav Power Project. The Company disassociated from the Pipavav Power Project on 24<sup>th</sup> May 2007 after obtaining approval from the MOP. The Board of Directors of NTPC Ltd., have given consent for winding up of the Pipavav Power Development Company Ltd. (PPDCL), a wholly owned subsidiary of the Company after due settlement of claims towards expenses incurred by the Company on PPDCL with GPCL/GOG. During the year, a sum of Rs.22 million has been received from M/s GPCL out of which Rs.4 million has been adjusted against claims recoverable, Rs.4 million received towards equity contribution has been shown as other liability pending liquidation of PPDCL and the balance amount of Rs.14 million has been accounted as Miscellaneous Income and Interest – Others. As full amount has been received towards equity invested, no provision is considered necessary for diminution in the value in investment.
9. Based on the opinions of the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI) received during the year, in respect of land in possession of the company, provision of **Rs.2,842 million** has been made towards expenditure on resettlement & rehabilitation activities including the amount payable to the project affected persons (PAPs) towards land for land option, resettlement grant or other grants, providing community facilities and compensatory afforestation, greenbelt development & loss of environmental value etc. based on the Rehabilitation Action Plan (RAP) of the Company or as per the agreement with/demand letters/directions of the local authorities and the same is included in the cost of land.
10. Consequent to the issuance of the new Coal Distribution Policy by Ministry of Coal in October 2007, the Company and Coal India Ltd. (holding Company of the coal suppliers), revisited the Model Coal Supply Agreement (CSA) initialled in March 2007. The new CSA, which is in advance stage of finalisation, would be valid for 20 years with a provision for review after every 5 years. On finalisation, separate CSAs would be signed by each station with the respective subsidiaries of Coal India Ltd.
11. The Company challenged the levy of transit fee/entry tax on supplies of coal to some of its power stations and has paid under protest such transit fee/entry tax to Coal Companies/Sales Tax Authorities. Further, in line with the agreement with GAIL, the Company has also paid entry tax and sales tax on transmission charges in respect of supplies made to various stations in the state of Uttar Pradesh. GAIL has paid such taxes to the appropriate authorities under protest and filed a petition before the Hon'ble High Court of Allahabad challenging the applicability of relevant Act. In case the Company gets refund from Coal Companies/Sales Tax Authorities/GAIL on settlement of these cases, the same will be passed on to respective beneficiaries.
12.
  - a) Balances shown under advances, creditors and material lying with contractors and material issued on loan in so far as these have since not been realised/discharged or adjusted are subject to confirmation/reconciliation and consequential adjustment, if any.
  - b) In the opinion of the management, the value of current assets, loans and advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
13. Effect of changes in Accounting Policies:
  - a) I) Based on the opinions of the EAC of the ICAI, pronounced during the year, with regard to accounting of exchange differences arising from restatement/settlement of foreign currency monetary items, the following adjustments have been carried out:
    - (i) Exchange differences (gain) of **Rs.7,536 million** in respect of foreign currency loans contracted before 1<sup>st</sup> April 2004, which were hitherto treated as borrowing cost and recognised in the Profit and Loss Account have been adjusted in the cost of related assets by debit to 'Prior Period Interest' (Schedule - 24). Due to the above adjustment, depreciation of **Rs.2,478 million** pertaining to previous years has been written back through 'Prior Period Depreciation' (Schedule - 24) and depreciation for the year is lower by **Rs.408 million**.
    - (ii) Exchange differences (gain) of **Rs. 99 million** for the financial years 2004-05 to 2006-07 arising from restatement/settlement of foreign currency monetary items in respect of transactions entered into on or after 1<sup>st</sup> April 2004, which were hitherto treated as Incidental Expenditure During Construction (IEDC) at units under construction have been recognized in the Profit & Loss Account through 'Prior Period Interest/Exchange differences' (Schedule - 24). Due to the above adjustment, depreciation amounting to **Rs. 2 million** pertaining to previous years has been charged to 'Prior Period Depreciation' (Schedule - 24) and depreciation for the year is higher by **Rs. 5 million**.
  - II) In line with the Central Government Gazette Notification No.193 dated 31<sup>st</sup> March 2009 amending Accounting Standard (AS) – 11 on 'The Effects of Changes in Foreign Exchange Rates', the Company has exercised the option to adjust with effect from the financial year 2007-08, the exchange differences arising from restatement/settlement of long term foreign currency monetary items relating to acquisition of depreciable capital assets in the cost of related assets and depreciate the same over the balance life of the asset. Accordingly, the Company adjusted exchange differences arising for the financial year 2007-08 and 2008-09 amounting to **Rs.152 million** included in the cost of related assets, of this a sum of **Rs.2 million** relating to the year 2007-08 has been credited to the General Reserve as per the transitional provisions in the aforesaid Notification. Consequently, depreciation for the year is higher by **Rs. 30 million**.
  - III) Consequent to the change in the accounting policies as detailed in (I) and (II) above, the balance of **Rs.2,554 million** as on 31<sup>st</sup> March 2008 in the 'Deferred Foreign Currency Fluctuation Liability' has been written back through 'Prior Period Sales' – (Schedule 24). In respect of operating stations, an amount of **Rs.2,080 million** recoverable from the beneficiaries in future years as per CERC Regulations corresponding to exchange differences recognised in the Profit & Loss Account for the periods up to 31<sup>st</sup> March 2008 has been recognised as 'Deferred Foreign Currency Fluctuation Asset' through 'Prior Period Sales' (Schedule - 24). Similarly, **Rs.4,144 million** to be passed on to the beneficiaries in future years corresponding to exchange differences adjusted in the cost of related assets up to 31<sup>st</sup> March 2008 has been recognised as 'Deferred Foreign Currency Fluctuation Liability' by debit to 'Deferred Expenditure from Foreign Currency Fluctuation'. Due to accounting of such exchange differences, corresponding decrease in depreciation amounting to **Rs.736 million** has been credited to 'Deferred Expenditure from Foreign Currency Fluctuation' by debit to 'Prior Period Depreciation out of Deferred Expenses/Income from Foreign Currency Fluctuation' (Schedule - 24).

In case of projects under construction, 'Deferred Foreign Currency Fluctuation Asset/Liability' has been created corresponding to exchange differences recognised in the statement of Profit & Loss Account which are admissible for inclusion in capital cost for tariff determination as per CERC Regulations, relating to prior years (Schedule -24) **Rs.250 million** and current year **Rs.268 million**.

As a result, net profit for the year is lower by **Rs.639 million**.



- b) Expenses common to operation and construction activities were hitherto allocated to Profit & Loss Account and Incidental Expenditure during Construction in proportion of sales to annual capital outlay in the case of Corporate Office and sales to accretion to capital work-in-progress in the case of projects. Consequent upon the withdrawal of Guidance Note on 'Treatment of Expenditure during Construction Period' by the ICAI, the Company has identified and allocated on a systematic basis the administration and general overhead expenses attributable to construction of fixed assets at the corporate office and construction projects and included the same in capital work-in-progress/fixed assets. Due to this, profit for the year and fixed assets/capital work-in-progress are lower by **Rs. 733 million**.
14. The Company has progressively implemented SAP-ERP System at different units w.e.f. 1<sup>st</sup> June 2007. As a result, the valuation of inventory items has undergone a change from monthly weighted average to moving weighted average at the units where ERP system has been implemented during the year. Due to the above change, impact on profit for the year if any, is not ascertainable.
15. Revenue Grants recognised during the year is **Rs. 9 million** (previous year Rs. 22 million).
16. **Disclosure as per Accounting Standard (AS) 15:**

General description of various defined employee benefit schemes are as under:

**A. Provident Fund**

Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the year is recognised as expense and is charged to the Profit & Loss Account. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by GOI. As per report of the actuary, overall interest earnings and cumulative surplus is more than the statutory interest payment requirement. Hence no further provision is considered necessary.

**B. Gratuity & Pension**

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of **Rs.1 million** (previous year Rs.0.35 million), on superannuation, resignation, termination, disablement or on death. The Company has a scheme of pension at one of the stations in respect of taken over employees from erstwhile State Government Power Utility. These schemes are funded by the Company and are managed by separate trusts. The liability for the same is recognised on the basis of actuarial valuation.

**C. Post-Retirement Medical Facility (PRMF)**

The Company has Post-Retirement Medical Facility (PRMF), under which retired employee and the spouse are provided medical facilities in the Company hospitals / empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company.

**D. Terminal Benefits**

Terminal benefits include settlement at home town for employees & dependents and farewell gift to the superannuating employees. Further, the Company also provides for pension in respect of taken over employees from erstwhile State Government Power Utility at another station.

**E. Leave**

The Company provides for earned leave benefit (including compensated absences) and half-pay leave to the employees of the Company which accrue annually at 30 days and 20 days respectively. 75% of the earned leave is en-cashable while in service and a maximum of 300 days on superannuation. Half-pay leave is en-cashable only on superannuation up to the maximum of 240 days as per the rules of the Company. The liability for the same is recognised on the basis of actuarial valuation. The above mentioned schemes (C, D and E) are unfunded and are recognised on the basis of actuarial valuation. The summarised position of various defined benefits recognised in the profit and loss account, balance sheet are as under: (Figures given in { } represents previous year)

i) **Expenses recognised in Profit & Loss Account**

Rs. million

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Current Service Cost	496 {407}	77 {68}	391 {313}	54 {423}
Past Service Cost	4,144 {-}	- {-}	- {-}	- {-}
Interest cost on benefit obligation	376 {368}	123 {116}	361 {313}	71 {72}
Expected return on plan assets	(371) {(353)}	- {-}	- {-}	- {-}
Net actuarial (gain)/ loss recognised in the year	192 {150}	212 {143}	1,111 {1,071}	165 {(372)}
Expenses recognised in the Profit & Loss Account	4,837 {572}	412 {327}	1,863 {1,697}	290 {123}



## ii) The amount recognised in the Balance Sheet

Rs. million

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Present value of obligation as at 31.3.2009 (i)	10,409 {5,361}	2,133 {1,750}	6,479 {5,160}	1,255 {1,017}
Fair value of plan assets as at 31.3.2009 (ii)	5,364 {4,623}	- {-}	- {-}	- {-}
Difference (ii) – (i)	(5,045) {(738)}	(2,133) {(1,750)}	(6,479) {(5,160)}	(1,255) {(1,017)}
Net asset /(liability) recognised in the Balance Sheet	(5,045) {(738)}	(2,133) {(1,750)}	(6,479) {(5,160)}	(1,255) {(1,017)}

## iii) Changes in the present value of the defined benefit obligations:

Rs. million

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Present value of obligation as at 1.4.2008	5,361 {4,599}	1,750 {1,452}	5,160 {3,916}	1,017 {896}
Interest cost	376 {368}	123 {116}	361 {313}	71 {72}
Current Service Cost	496 {407}	77 {68}	391 {314}	54 {423}
Past Service Cost	4144 {-}	- {-}	- {-}	- {-}
Benefits paid	(211) {(167)}	(29) {(29)}	(544) {(454)}	(52) {(2)}
Net actuarial (gain)/loss on obligation	243 {154}	212 {143}	1,111 {1,071}	165 {(372)}
Present value of the defined benefit obligation as at 31.3.2009	10,409 {5,361}	2,133 {1,750}	6,479 {5,160}	1,255 {1,017}

## iv) Changes in the fair value of plan assets:

Rs. million

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Fair value of plan assets as at 1.4.2008	4,623 {4,415}	- {-}	- {-}	- {-}
Expected return on plan assets	371 {353}	- {-}	- {-}	- {-}
Contributions by employer	512 {6}	- {-}	- {-}	- {-}
Benefit paid	(193) {(155)}	- {-}	- {-}	- {-}
Actuarial gain / (loss)	51 {4}	- {-}	- {-}	- {-}
Fair value of plan assets as at 31.3.2009	5,364 {4,623}	- {-}	- {-}	- {-}

- v) The effect of one percentage point increase/decrease in the medical cost of PRMF will be as under: (Rs. million)

Particulars	Increase by	Decrease by
Service and Interest cost	32	26
Present value of obligation	398	319

#### F. Other Employee Benefits

Provision for Long Service Award and Family Economic Rehabilitation Scheme amounting to **Rs.16 million** (previous year Rs.34 million) for the year have been made on the basis of actuarial valuation at the year end and charged to the profit & loss account.

#### G. Details of the Plan Asset

The details of the plan assets at cost as on 31<sup>st</sup> March are as follows:

(Rs. in million)

	2009	2008
i) State Government securities	938	903
ii) Central Government securities	1,824	1,643
iii) Corporate Bonds/ debentures	2,236	1,825
iv) RBI Special Deposit	240	240
Total	5,238	4,611

#### H. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

i) Method used	Projected Unit Credit Method
ii) Discount rate	7.00 %
iii) Expected rate of return on assets - Gratuity	8.00 %
- Pension	9.00 %
iv) Future salary increase	4.50 %

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

#### I. Actual return on Plan Assets **Rs.423 million** (previous year Rs.357 million)

17. The effect of foreign exchange fluctuation during the year is as under:

- The amount of exchange differences (net) debited to the Profit & Loss Account is **Rs. 244 million** (previous year Rs.98 million (credit)).
- The amount of exchange differences debited to the carrying amount of fixed assets and Capital work-in-progress is **Rs11,649 million** (previous year Rs.194 million (credit)).

18. Borrowing costs capitalised during the year is **Rs. 12,221 million** (previous year Rs.6,383 million).

#### 19. Segment Information:

- a) Business Segments:

The Company's principal business is generation and sale of bulk power to State Power Utilities. Other business includes providing consultancy, project management and supervision, oil and gas exploration and coal mining.

- b) Segment Revenue and Expense

Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as Segment Expenses.

- c) Segment Assets and Liabilities

Segment assets include all operating assets in respective segments comprising of net fixed assets and current assets, loans and advances. Construction work-in-progress, construction stores and advances are included in unallocated corporate and other assets. Segment liabilities include operating liabilities and provisions.



Rs. million

	Business Segments				Total	
	Generation		Others			
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue :						
Sale of Energy/Consultancy, Project Management and Supervision fees *	417,913	369,462	1,325	1,039	419,238	370,501
Internal consumption of electricity	514	409	-	-	514	409
Total	418,427	369,871	1,325	1,039	419,752	370,910
Segment Result #	90,531	90,808	418	288	90,949	91,096
Unallocated Corporate Interest and Other Income					30,615	27,696
Unallocated Corporate expenses, interest and finance charges					27,969	16,243
Income Taxes (Net)					11,582	28,401
Profit after Tax					82,013	74,148
Other information						
Segment assets	424,333	323,109	1,045	922	425,378	324,031
Unallocated Corporate and other assets					626,870	569,849
Total assets	424,333	323,109	1,045	922	1,052,248	893,880
Segment liabilities	85,967	63,148	722	546	86,689	63,694
Unallocated Corporate and other liabilities					391,858	303,800
Total liabilities	85,967	63,148	722	546	478,547	367,494
Depreciation	23,376	21,214	2	2	23,378	21,216
Non-cash expenses other than Depreciation	245	63	-	1	245	64
Capital Expenditure	130,843	80,568	277	140	131,121	80,708

\* Includes Rs.10,201 million (previous year Rs.11,336 million) for sales related to earlier years

# Generation segment result would have been Rs.80,330 million (previous year Rs.79,472 million) without including the sales related to earlier years.

d) The operations of the Company are mainly carried out within the country and therefore, geographical segments are inapplicable.

## 20. Related Party Disclosures:

### a) Related parties:

#### i) Joint ventures:

Utility Powertech Ltd., NTPC-Alstom Power Services Private Ltd., BF-NTPC Energy Systems Ltd.

During the year, the company reviewed the applicability of the provisions of Accounting Standard (AS) 18 'Related Party Disclosures' and AS 27 to 'Financial Reporting of Interests in Joint Ventures' to the investment made in PTC India Ltd. The company is of the view that provisions of these Standards are not applicable to investment in PTC India Ltd. and the same has been excluded from the disclosures during the year.

#### ii) Key Management Personnel:

Shri R.S. Sharma  
Shri T. Sankaralingam  
Shri Chandan Roy  
Shri R.K. Jain  
Shri A.K. Singhal  
Shri R.C. Shrivastav  
Shri K.B. Dubey  
Shri I.J. Kapoor

Chairman and Managing Director 1  
Chairman and Managing Director 2  
Director (Operations)  
Director (Technical)  
Director (Finance)  
Director (Human Resources)  
Director (Projects)  
Director (Commercial) 3



1. Director (Commercial) from 1st April 2008 to 30th April 2008 and assumed charge as Chairman and Managing Director w.e.f 1st May 2008.
2. Superannuated on 30th April 2008
3. W.e.f 26th December 2008

b) Transactions with the related parties at a (i) above are as follows:

(Rs. million)

Particulars	Current Year	Previous Year
<b>Contracts for Works/ Services for services received by the Company</b>		
• Transactions during the year	<b>2,208</b>	4,095
• Amount recoverable from related parties	<b>21</b>	29
• Amount payable to related parties	<b>424</b>	536
<b>Contracts for Works/ Services for services provided by the Company</b>		
• Transactions during the year	-	4
• Amount recoverable from related parties	-	*
(Rs.11,634/-)		
<b>Dividend Received</b>	<b>18</b>	28
<b>Deputation of Employees</b>		
• Transactions during the year	<b>36</b>	20
• Amount recoverable from the related parties	<b>42</b>	11

The Company has received guarantees from Utility Powertech Ltd. for an amount of **Rs. 1 million** (previous year Rs.3 million).

- c) Remuneration to key management personnel is **Rs.14 million** (previous year Rs.12 million) and amount of dues outstanding to the Company as on 31st March 2009 are **Rs.3 million** (previous year Rs.1 million).

## 21. Disclosure regarding leases:

### a) Finance leases

The Company has taken on lease certain vehicles and has the option to purchase the vehicles as per terms of the lease agreements, details of which are as under:

Rs. Million

		31.03.2009	31.03.2008
a)	Outstanding balance of minimum lease payments		
	• Not later than one year	<b>6</b>	4
	• Later than one year and not later than five years	<b>14</b>	5
	Total	<b>20</b>	9
b)	Present value of (a) above		
	• Not later than one year	<b>4</b>	3
	• Later than one year and not later than five years	<b>12</b>	4
	Total	<b>16</b>	7
c)	Finance Charges	<b>4</b>	2

### b) Operating leases

The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Schedule 20 - Employees' remuneration and benefits include **Rs.307 million** (previous year Rs.229 million) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and guest house/transit camps are shown as Rent in Schedule 21 - Generation, Administration and Other expenses.

## 22. Earning per share:

The elements considered for calculation of Earning Per Share (Basic and Diluted) are as under:

	Current Year	Previous Year
Net Profit after Tax used as numerator (Rs.million)	<b>82,013</b>	74,148
Weighted average number of equity shares used as denominator	<b>8245,464,400</b>	8245,464,400
Earning per share (Basic and Diluted) Rupees	<b>9.95</b>	8.99
Face value per share (Rupees)	<b>10/-</b>	10/-



## 23. The item-wise details of deferred tax liability (net) are as under:

(Rs. Million)

	31.03.2009	31.03.2008
Deferred tax liability		
i) Difference of book depreciation and tax depreciation	70,045	70,860
Less: Deferred tax assets		
i) Provisions & Other disallowances for tax purposes	15,310	12,237
ii) Disallowed u/s 43B of the Income Tax Act, 1961	3,385	2,785
	18,695	15,022
Deferred tax liability (net)	51,350	55,838

The net decrease in the deferred tax liability is **Rs.4,488 million** (previous year increase Rs.1,411 million) and the same is payable/recoverable from the customers, on becoming part of the current tax.

24. Research and Development expenditure charged to revenue during the year is **Rs.81 million** (previous year Rs.62 million).

## 25. Interest in Joint Ventures:

## a) Joint Venture Entities:

Company	Proportion of ownership interest as on	
	31.03.2009	31.03.2008
	% age	% age
Utility Powertech Ltd.	50	50
NTPC - Alstom Power Services Private Ltd.	50	50
NTPC - SAIL Power Company Private Ltd.	50	50
NTPC - Tamilnadu Energy Company Ltd.	50	50
Ratnagiri Gas and Power Private Ltd.	28.33	28.33
Aravali Power Company Private Ltd.	50	50
NTPC - SCCL Global Ventures Private Ltd.	50	50
Meja Urja Nigam Private Ltd.	50	-
NTPC - BHEL Power Projects Private Ltd.	50	-
BF - NTPC Energy Systems Ltd.	49	-
Nabinagar Power Generating Company Private Ltd.	50	-
National Power Exchange Ltd.	16.67	-

The above joint venture entities are incorporated in India. The Company's share of the assets, liabilities, contingent liabilities and capital commitment as on 31st March 2009 and income and expenses for the year in respect of joint venture entities based on audited accounts, except for Ratnagiri Gas & Power Private Ltd. which are un-audited, are given below:

(Rs. million)

		31.03.2009	31.03.2008
A.	Assets		
	• Long Term Assets	59,208	47,007
	• Current Assets	6,509	4,248
	Total	65,717	51,255
B.	Liabilities		
	• Long Term Liabilities	42,537	31,240
	• Current Liabilities and Provisions	6,242	3,816
	Total	48,779	35,056
C.	Contingent Liabilities	148	712
D.	Capital Commitments	36,936	31,243
		<b>Current Year</b>	<b>Previous Year</b>
E.	Income	6,412	8,026
F.	Expenses	7,879	7,517

**b) Joint Venture Operations:**

The Company along-with M/s Geopetrol International Inc. and M/s Canoro Resources Ltd., (the consortium) has been allotted with an oil and gas block in the State of Arunachal Pradesh. The consortium has entered into a Production Sharing Contract (PSC) with GOI for exploration and production of oil and gas. The Company is a non-operator and has 40% share in expenses, income, assets and liabilities with a minimum work programme commitment of **Rs. 636 million** (previous year Rs.563 million) as per the PSC.

The other two consortium partners viz. M/s Geopetrol International Inc. and M/s Canoro Resources Ltd. each initially had 30% participating interest in the Block. M/s Canoro Resources Ltd. had off-loaded 50% of their participating interest to M/s Brownstone Ventures Inc. which was approved by GOI in December 2007 and the consequent amendment to the PSC has been executed on 2nd December 2008.

Based on the audited statement of accounts of the block, the Company's share of assets and liabilities as at 31st March 2009 and expenditure for the year ended on that date in respect of above joint venture operation has been accounted for as under:

(Rs. million)

Item	2008-09 (Audited)	2007-08 (Audited)
Expenses	87	107
Fixed Assets including Capital work-in-progress	35	14
Other Assets	54	58
Current Liabilities	3	13

26. As required by Accounting Standard (AS) 28 'Impairment of Assets' notified by the Institute of Chartered Accountants of India, the Company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.

27. Foreign currency exposure not hedged by a derivative instrument or otherwise:

Rs. million

Sl.No.	Particulars	Currencies	Amount	
			31.03.2009	31.03.2008
a)	Borrowings, including interest accrued but not due thereon.	USD	74,612	53,076
		JPY	32,339	25,519
		Others	4,727	649
b)	Sundry creditors/deposits and retention monies	USD	6,902	6,425
		EURO	1,218	1,698
		Others	997	914
c)	Sundry debtor and Bank balances	GBP	-	101
		USD	119	51
		EURO	310	305
d)	Unexecuted amount of contracts remaining to be executed	USD	43,818	31,842
		EURO	40,270	15,994
		Others	587	2,147

28. The pre-commissioning expenses during the year amounting to **Rs.1,689 million** (previous year Rs. 1,699 million) have been included in Fixed Assets/Capital work-in-progress after adjustment of pre-commissioning sales of **Rs.1,610 million** (previous year Rs.721 million) resulting in a net pre-commissioning expenditure of **Rs.79 million** (previous year Rs.978 million).

29. Payment to the Statutory Auditors (Schedule - 21):

Rs. million

	Current Year	Previous Year
Audit Fees	8	6
Tax audit Fees	3	2
Certification Fees	7	6
Reimbursements		
- Travelling Expenses	5	5
- Service Tax	2	2
Total	25	21



## 30. a) Information in respect of Micro, Small and Medium Enterprises as at 31st March, 2009:

Rs. million

Sl.	Particulars	Amount
a)	Amount remaining unpaid to any supplier: • Principal amount • Interest due thereon (*Rs.5,12,890/-)	9 *
b)	Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along-with the amount paid to the suppliers beyond the appointed day.	6
c)	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006. (*Rs.1,72,106/-)	*
d)	Amount of interest accrued and remaining unpaid (*Rs.4,11,350/-)	*
e)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowances as a deductible expenditure under section 23 of Micro, Small and Medium Enterprises Development Act, 2006 (*Rs.99,528/-)	*

## 31. Loans and Advances due from subsidiaries:

(Rs. million)

Name of Subsidiary	Outstanding balance		Maximum amount	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
NTPC Electric Supply Company Ltd.	129	120	524	178
NTPC Vidyut Vyapar Nigam Ltd	20	15	78	49
Pipavav Power Development Company Ltd. (*Rs.11,096/-)	*	*	*	61
NTPC Hydro Ltd.	3	25	68	37
Kanti Bijlee Utpadan Nigam Ltd.	394	269	492	269
Bharatiya Rail Bijlee Company Ltd.	9	1	82	1
Total	555	430	1,244	595

## 32. Disclosure as required by Clause 32 of Listing Agreements:

## A. Loans and Advances in the nature of Loans:

## 1. To Subsidiary Companies

Rs. million

Name of the Company	Outstanding Balance As on		Maximum Amount Outstanding during the year ended	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Kanti Bijlee Utpadan Nigam Ltd.	308	202	400	202

## 2. To Firms/Companies in which Directors are interested : Nil

## 3. Where there is no repayment schedule or repayment : Rs. 308 million beyond seven year or no interest or interest below Section 372A of the Companies Act, 1956

## B. Investment by the loanee (as detailed above) in the shares of NTPC : Nil

33. Estimated amount of contracts remaining to be executed on capital account and not provided for is **Rs.588,185 million** (previous year Rs.243,310 million).

## 34. Contingent Liabilities:

## 1. Claims against the Company not acknowledged as debts in respect of:

## (i) Capital Works

Some of the contractors for supply and installation of equipments and execution of works at our projects have lodged claims on the Company for **Rs. 46,623 million** (previous year Rs.11,255 million) seeking enhancement of the contract price, revision of work schedule with price escalation, compensation for the extended period of work, idle charges etc. These claims are being contested by the Company as being not admissible in terms of the provisions of the respective contracts.

The company is pursuing various options under the dispute resolution mechanism available in the contract for settlement of these claims. It is not practicable to make a realistic estimate of the outflow of resources if any, for settlement of such claims pending resolution.

## (ii) Land compensation cases

In respect of land acquired for the projects, the land losers have claimed higher compensation before various authorities/courts which are yet to be settled. In such cases, contingent liability of **Rs. 15,515 million** (previous year Rs.10,465 million) has been estimated.



## (iii) Others

In respect of claims made by various State/Central Government departments/Authorities towards building permission fees, penalty on diversion of agricultural land to non- agricultural use, Nala tax, Water royalty etc. and by others, contingent liability of **Rs.12,585 million** (previous year Rs.12,878 million) has been estimated. This includes amount of **Rs 2,558 million** (previous year Rs.2,558 million) billed by the Coal supplier on account of MPGATSV tax up to 31st July 2007 which is subject matter of dispute before Supreme Court.

In respect of (i) and (ii) above, payments, if any, by the company on settlement of the claims would be eligible for inclusion in the capital cost for the purpose of determination of tariff as per CERC Regulations subject to prudence check by the CERC. In case of (iii), the estimated possible reimbursement is **Rs. 2,750 million** (previous year Rs.3,443 million).

## 2. Disputed Income Tax/Sales Tax/Excise demands

Demand made against the company by Central/State Tax Authorities amounting to **Rs.682 million** (previous year Rs.15,541 million) are disputed by the Company and contested before various Appellate Authorities. In such cases, the company estimated possible reimbursement of **Rs.8 million** (previous year Rs.10,063 million).

## 3. Others

Unexpired Letters of credit other than for capital expenditure amount to **Rs.1,200 million** (previous year Rs.2,159 million) and other contingent liabilities amount to **Rs.1,698 million** (previous year Rs.169 million). In such cases, the company estimated possible reimbursement of **Rs. Nil** (previous year Rs.17 million).

Some of the beneficiaries have filed appeals against the tariff orders of the CERC. The amount of contingent liability in this regard is not ascertainable.

## 35. Managerial remuneration paid/payable to Directors

Rs. million

	Current Year	Previous Year
Salaries and allowances	11	9
Contribution to provident fund & other funds including gratuity & group insurance	1	1
Other benefits	2	2
Directors' fees	2	*

\*(Rs.4,20,000/-)

In addition to the above remuneration the whole time Directors have been allowed the use of staff car including for private journeys, on payment of Rs.780/- per month, as contained in the Ministry of Finance (BPE) Circular No.2 (18)/pc/64 dt.29.11.64, as amended.

The provisions for/contribution to gratuity, leave encashment and post-retirement medical facilities are ascertained on actuarial valuation done on overall Company basis and hence not ascertainable separately.

36. Licensed and Installed Capacities as at 31st March: (As certified by Management)	Current Year		Previous Year	
Licensed Capacity - Not applicable				
Installed Capacity (MW Commercial units)		27,912		25,912
Quantitative information in respect of Generation and Sale of Electricity (in MUs) :				
a) Pre-commissioning period :				
Generation		785		583
Sales		724		557
b) Commercial period :				
Generation		206,156		200,280
Sales		193,688		187,988
c) Value of imports calculated on CIF basis (Rs. million):				
Capital goods		10,386		11,802
Spare parts		919		493
d) Expenditure in foreign currency (Rs. million):				
Professional and Consultancy fee		24		44
Interest		4,067		3,189
Others		601		795
e) Value of Components, Stores and Spare parts consumed (including fuel) (Rs. million):	%age	Amount	%age	Amount
Imported	10.40	28,855	3.66	8,282
Indigenous	89.60	248,484	96.34	218,039
f) Earnings in foreign exchange (Rs. million):				
Professional & Consultancy fee		21		30
Interest		14		4
Others		1		1

37. Figures have been rounded off to nearest rupees in millions.

38. Previous year figures have been regrouped /rearranged wherever necessary.

39. Information pursuant to Part IV of Schedule VI of the Companies Act, 1956



## BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No. 7 9 6 6 1 9 7 5 - 7 6 State Code: 5 5

Balance-sheet date 3 1 0 3 0 9

### II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue N I L

Rights Issue N I L

Bonus Issue N I L

Private Placement N I L

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities  
1 1 0 3 5 9 6 4 4 7

Total Assets  
1 1 0 3 5 9 6 4 4 7

#### Sources of Funds

Paid-up Capital  
8 2 4 5 4 6 4 4

Secured Loans  
8 9 6 9 5 6 0 0

Deferred Tax Liability (Net)  
1 3 0 0

Reserves & Surplus  
4 9 1 2 4 6 1 0 3

Unsecured Loans  
2 5 5 9 8 1 8 7 7

Deferred Revenue/Income/Liability  
2 5 9 8 2 3 3 3

#### Application of Funds

Net Fixed Assets  
5 9 3 4 2 6 3 4 7

Net Current Assets  
2 0 2 3 6 6 3 4 2

Accumulated Losses  
N I L

Investments  
1 3 9 8 3 4 7 9 0

Misc. Expenditure  
N I L

Deferred Assets/Expenditure  
9 7 3 4 3 7 8

### IV. Performance of Company (Amount in Rs. Thousands)

Turnover incl. Other Income  
4 5 2 7 2 7 6 2 2

Profit/Loss before tax  
+ 9 3 5 9 4 7 7 3

Earning per share in Rs  
9 9 5

Total Expenditure  
3 5 9 1 3 2 8 4 9

Profit/Loss after tax  
+ 8 2 0 1 3 0 4 7

Dividend Rate %  
3 6 0 0

### V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Product Description:

GENERATION OF ELECTRICITY  
CONSULTANCY SERVICES  
MANAGEMENT OF POWER STATIONS

Item Code No.

N A  
N A  
N A

For and on behalf of the Board of Directors

(A.K.RASTOGI)  
Company Secretary

(A.K.SINGHAL)  
Director (Finance)

(R.S. SHARMA)  
Chairman & Managing Director

As per our report of even date

For Varma and Varma  
Chartered Accountants

(Cherian K. Baby)  
Partner  
M No.16043

For S.K. Mittal & Co.  
Chartered Accountants

(S.K. Mittal)  
Partner  
M No.8506

For B.C.Jain & Co.  
Chartered Accountants

(Ranjeet Singh)  
Partner  
M No.73488

For Dass Gupta & Associates.  
Chartered Accountants

(Ashok Kumar Jain)  
Partner  
M No.90563

For Parakh & Co.  
Chartered Accountants

(Aditya Rawat)  
Partner  
M No.71767

For S.K. Mehta & Co.  
Chartered Accountants

(Rohit Mehta)  
Partner  
M.No.91382

Place : New Delhi  
Dated : 22<sup>nd</sup> May 2009

**AUDITORS' REPORT**

To the Members of

NTPC LIMITED

1. We have audited the attached Balance Sheet of **NTPC LIMITED** as at 31<sup>st</sup> March 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in annexure referred to in para 3 above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) Being a Government company, pursuant to the Notification no. GSR 829(E) dated 21.10.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the company;
  - f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting Policies and Notes thereon in Schedule 26, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a. in the case of Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2009,
    - b. in the case of Profit and Loss Account, of the profit for the year ended on that date, and
    - c. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Varna and Varna  
Chartered Accountants(Cherian K. Baby)  
Partner  
M No.16043For B.C.Jain & Co.  
Chartered Accountants(Ranjeet Singh)  
Partner  
M No.73488For Parakh & Co.  
Chartered Accountants(Aditya Rawat)  
Partner  
M No.71767For S.K. Mittal & Co.  
Chartered Accountants(S.K. Mittal)  
Partner  
M No.8506For Dass Gupta & Associates.  
Chartered Accountants(Ashok Kumar Jain)  
Partner  
M No.90563For S.K. Mehta & Co.  
Chartered Accountants(Rohit Mehta)  
Partner  
M.No.91382Place : New Delhi  
Dated : 22<sup>nd</sup> May 2009



## ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph (3) of our report of even date to the members of NTPC LIMITED on the accounts for the year ended 31<sup>st</sup> March 2009

- (i) (a) The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) Substantial part of the fixed assets has not been disposed off during the year.
- (ii) (a) The inventory has been physically verified by the management at reasonable intervals.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventories, wherever material, have been properly dealt with in the books of account.
- (iii) (a) The company has not granted any loans secured or unsecured to any company, firm or other party covered in the register maintained under section 301 of the Companies Act, 1956.
- In view of clause (iii)(a) above, the clauses (iii)(b), (iii)(c) and (iii)(d) are not applicable.
- (e) The company has not taken any loans secured or unsecured from any company, firm, or other parties covered in register maintained under section 301 of the Companies Act, 1956.
- In view of (iii) (e) above, the clauses (iii) (f) and (iii) (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- (v) (a) According to the information and explanations given to us, during the year under audit there have been no contracts or arrangements which need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- In view of clause (v) (a) above, the clause (v) (b) is not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other tribunal.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and the nature of its business.
- (viii) We have broadly reviewed the accounts and records maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made detailed examination of the records with a view to determine whether they are accurate and complete.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues have generally been regularly deposited with the appropriate authorities within a period of six months from the date they became payable except for entry tax of Rs.88.95 million which has since been deposited with the appropriate authorities.
- (b) The disputed statutory dues aggregating to Rs.593 million that have not been deposited on account of matters pending before appropriate authorities are detailed below:

Sl.No.	Name of Statute	Nature of dues	Forum where the dispute is pending	Rs./million
1	Central Sales Tax and Sales Tax/VAT Acts of Various States	Sales Tax/ VAT	Additional Commissioner of Sales Taxes	65
			Commissioner of Sales Tax	26
			Dy. commissioner of Sales/ Commercial Taxes	332
			High Court	19
			Sales Tax Tribunal	43
			Joint Commissioner (Appeal) Trade tax	14



Sl.No.	Name of Statute	Nature of dues	Forum where the dispute is pending	Rs./million
2	Water (Prevention & Control of Pollution) Cess Act, 1977	Water/Pollution Cess	Appellate Authority, Pollution Control Board	13
3.	Indian Stamp Act, 1899	Land Tax	Appellate Authority – Board of Revenue	14
4.	Central Excise Act, 1944	Central Excise duty	CESTAT	2
5.	Income Tax Act, 1961	Income tax	Income Tax Appellate Tribunal Allahabad High Court	5 60
<b>Total</b>				<b>593</b>

- (x) The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) According to the information and explanations given to us, company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares during the year.
- (xix) According to the information and explanations given to us, the company has created security or charge in respect of the Bonds issued by the company during the year.
- (xx) According to the information and explanations given to us, the company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud has been committed to or by the Company during the year. In respect of suspected frauds of earlier years, suitable action has been taken.

For Varma and Varma  
Chartered Accountants

(Cherian K. Baby)  
Partner  
M No.16043

For S.K. Mittal & Co.  
Chartered Accountants

(S.K. Mittal)  
Partner  
M No.8506

For B.C.Jain & Co.  
Chartered Accountants

(Ranjeet Singh)  
Partner  
M No.73488

For Dass Gupta & Associates.  
Chartered Accountants

(Ashok Kumar Jain)  
Partner  
M No.90563

For Parakh & Co.  
Chartered Accountants

(Aditya Rawat)  
Partner  
M No.71767

For S.K. Mehta & Co.  
Chartered Accountants

(Rohit Mehta)  
Partner  
M.No.91382

Place : New Delhi  
Dated : 22<sup>nd</sup> May 2009



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NTPC LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2009 AND MANAGEMENT REPLIES THEREON**

Comment	Management Reply
<p>The preparation of financial statements of NTPC Limited, New Delhi, for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 22 May 2009.</p> <p>I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619 (3) (b) of the Companies Act, 1956 of the financial statements of NTPC Limited, New Delhi, for the year ended 31 March 2009. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matter under section 619 (4) of the Companies Act, 1956, which has come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related Audit Report:</p>	
<p><b>Comment on Profitability</b>  <b>Profit &amp; Loss Account</b>  <b>Sales (Schedule 17): Rs.42145.40 crore</b></p> <p>A reference is invited to Comment 'A' of the Comptroller and Auditor General of India on the accounts of the Company for the year ended 31 March 2008 wherein income recognition to the extent of Rs.938.30 crore was commented upon. The Company in the current year has again recognised income to the extent of Rs.105.70 crore in respect of issues disputed by CERC before the Hon'ble Supreme Court of India.</p> <p>As the Company, through its counsel, had submitted before the Hon'ble Supreme Court of India that it would not press for determination of the disputed issues, the income recognition of Rs.1044.00 crore (previous year Rs.938.30 crore and current year Rs.105.70 crore) should have been postponed as required under AS-9 prescribed under Section 211(3C) of the Companies Act, 1956. As a result, Reserves and Surplus (accumulated profits) of the Company are overstated by Rs.1044 crore.</p>	<p>The Company appealed before the Appellate Tribunal for Electricity (ATE) against the tariff orders issued by the Central Electricity Regulatory Commission (CERC) for determination of tariff for its power stations. The ATE, during the previous financial year 2007-08, upheld the appeals of the Company and directed the CERC to revise the tariff for the concerned stations as provided in its order. CERC filed an appeal before the Hon'ble Supreme Court of India on some of the issues decided by the ATE, mainly on the grounds that ATE's order is contrary to the provisions of Tariff Regulations, 2004 notified by the CERC.</p> <p>Since, in the opinion of the management, duly supported by independent legal advice, the ATE's order was entirely in conformity with the Tariff Regulations, 2004 and it was reasonable to expect ultimate collection, the Company recognized sales of Rs.938.30 crore pending disposal of the appeal in the previous financial year 2007-08.</p>

Comment	Management Reply
	<p>In view of the comment 'A' of the Comptroller and Auditor General of India referred alongside, the Company reviewed the matter and sought opinion from a former Chief Justice of India who was of the view that the possibility of interference by the Hon'ble Supreme Court with the order of ATE is remote and opined that the Company is right in recognizing the revenue in its books of accounts as per the order of ATE pending disposal of appeal before the Hon'ble Supreme Court of India notwithstanding the undertaking given not to press for fresh determination of the issues under appeal for the time being.</p> <p>Such undertaking neither affects the right of the Company nor does it call for postponement of recognition of revenue which has been done as per the provisions of Accounting Standard (AS) 9.</p> <p>Thus the sales of Rs. 1,044 crore (previous year Rs. 938.30 crore) and current year Rs. 105.70 crore) have been correctly accounted for based on ATE's order, duly supported by independent legal opinions, in accordance with Accounting Standard (AS) 9 'Revenue Recognition' prescribed under Section 211 (3C) of the Companies Act, 1956 and accounting policies of the Company and thus there is no over statement of Reserves and Surplus.</p>

For and on behalf of the  
Comptroller & Auditor General of India

(Ghazala Meenai)  
Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board – III,  
New Delhi

Dated: 29.06.2009  
Place: New Delhi

For and on behalf of the  
Board of Directors

(R.S. Sharma)  
Chairman and Managing Director

Dated: 27<sup>th</sup> July, 2009  
Place: New Delhi



## EMPLOYEE COST SUMMARY

(Rs. million)

Description	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
<b>A. Salaries, wages &amp; benefits*</b> (incl. Provident Fund and other contributions)	5,789	7,082	7,494	7,590	8,180	8,248	9,568	11,703	19,093	<b>25,807</b>
<b>B. Other Benefits</b>										
1. Welfare expenses	772	1,044	1,359	1,352	1,430	1,723	1,807	1,975	3,200	<b>3,169</b>
2. Township	565	520	469	460	575	629	567	610	656	<b>745</b>
3. Educational & school facilities	125	140	121	119	158	160	160	183	221	<b>269</b>
4. Medical facilities	284	298	359	383	427	424	444	571	650	<b>657</b>
5. Subsidised transport	39	28	39	35	45	47	46	36	48	<b>49</b>
6. Social & cultural activities	67	133	79	79	109	108	100	102	120	<b>115</b>
7. Subsidised canteen	130	142	114	139	159	160	174	223	262	<b>185</b>
Total ( B )	1,982	2,305	2,540	2,567	2,903	3,251	3,298	3,700	5,157	<b>5,189</b>
<b>Total ( A+B )</b>	<b>7,771</b>	<b>9,387</b>	<b>10,034</b>	<b>10,157</b>	<b>11,083</b>	<b>11,499</b>	<b>12,866</b>	<b>15,403</b>	<b>24,250</b>	<b>30,996</b>
8. Year end number of employees	21,265	21,289	21,383	21,408	20,971	21,420	21,870	23,602	23,677	<b>23,390</b>
9. Average number of employees	21,032	21,277	21,336	21,396	21,190	21,196	21,645	22,736	23,640	<b>23,534</b>
10. Average Salary, wages & benefits per employee per annum (Rs.)	275,247	332,848	351,237	354,747	386,040	389,139	442,042	514,734	807,657	<b>1,096,584</b>
11. Average cost of other benefits per employee per annum (Rs.)	94,237	108,333	119,048	119,979	137,002	153,382	152,368	162,738	218,147	<b>220,490</b>
12. Average cost of employees remuneration & benefits per annum (Rs.)	369,484	441,181	470,285	474,726	523,042	542,521	594,410	677,472	1,025,804	<b>1,317,074</b>

\* Excluding payment to personnel employed for social amenities

## REVENUE EXPENDITURE ON SOCIAL OVERHEADS FOR THE YEAR ENDED 31ST MARCH 2009

(Rs. million)

S. No	Particulars	Township	Educational and School facilities	Medical Facilities	Subsidised Transport	Social and cultural activities	Subsidised Canteen	Total	Landscaping and wasteland development	Previous year
1	Payment to employees	245	58	691	8	63	20	1,085	-	792
2	Material consumed	139	-	66	-	-	-	205	-	158
3	Rates and taxes	32	-	1	-	-	-	33	-	29
4	Welfare expenses	56	207	555	41	95	172	1,126	-	1,144
5	Others including repairs & maintenance	506	54	57	10	17	11	655	7	590
6	Depreciation	174	8	9	-	5	2	198	-	235
7	Sub-total (1 to 6)	1,152	327	1,379	59	180	205	3,302	7	2,948
8	Less : Recoveries	162	-	31	2	2	-	197	-	199
9	Net expenditure (7-8)	990	327	1,348	57	178	205	3,105	7	2,749
10	Previous Year	845	253	1,134	55	170	292	2,749	10	



**FUND FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009**

		Rs. million
	Current Year	Previous Year
<b>STATEMENT OF SOURCES AND APPLICATION OF FUNDS</b>		
<b>SOURCES</b>		
Fund Generated from Operating Activities	120568	101089
Deferred revenue on account of Advance Against Depreciation	5626	7167
Deferred income from foreign currency fluctuation	6077	0
Deferred Foreign Currency Fluctuation Liability	(2009)	2554
Exchange Rate Variation (Positive)	22837	0
Interest/ Income on Bonds/Investments received	11330	12427
Sale of Investment	414	4829
Bonds under One Time Settlement Scheme	16515	16514
Dividend received on Investments	138	96
Proceeds from Long Term Borrowings	73605	50234
	<b>255101</b>	<b>194910</b>
<b>APPLICATION</b>		
Expenditure on Fixed Assets	132396	83326
Purchase of Investment	0	3854
Investment in Subsidiaries/Joint Ventures	4092	9218
Repayment of Long Term Borrowings	22670	21990
Exchange Rate Variation (Negative)	0	1182
Interest	24921	16598
Guarantee Commission and other finance charges	412	387
Deferred Foreign currency fluctuation assets	9734	0
Dividend	29683	28859
Dividend Tax	5017	4905
	<b>228925</b>	<b>170319</b>
<b>Net Increase / Decrease in Working Capital</b>	<b>26176</b>	<b>24591</b>
	<b>255101</b>	<b>194910</b>
<b>I FUND FROM OPERATIONS</b>		
<b>Net Profit before tax, Prior Period Adjustments and Extra Ordinary Items</b>	<b>94678</b>	<b>105294</b>
<b>Adjustment for:</b>		
Depreciation	24690	22479
Interest	24921	16598
Guarantee Commission and other finance charges	412	387
Interest / Income on Bonds / Investment received	(11330)	(12427)
Prior Period Adjustment (Net)	(1083)	(2745)
Dividend Income	(138)	(96)
	<b>37472</b>	<b>24196</b>
<b>Operating Profit</b>	<b>132150</b>	<b>129490</b>
Direct Taxes (Net of income tax recoverable)	(11582)	(28401)
<b>Fund Generated from Operating Activities</b>	<b>120568</b>	<b>101089</b>
<b>II STATEMENT OF CHANGES IN WORKING CAPITAL</b>		
Cash and Bank Balances	13384	16186
Inventories	5677	1655
Trade and Other Receivables	6015	17304
Trade Payables & Other Liabilities	(27589)	(9070)
Loans and Advances	28115	(122)
Other Current Assets	574	(1362)
<b>Net Increase / Decrease in Working Capital</b>	<b>26176</b>	<b>24591</b>



## SUBSIDIARY COMPANIES

**NTPC ELECTRIC SUPPLY COMPANY LIMITED**  
(A wholly owned subsidiary of NTPC Limited)  
**DIRECTORS' REPORT**

To  
The Members,

Your Directors have pleasure in presenting their Seventh Annual Report on the working of the Company for the financial year ended on 31<sup>st</sup> March 2009 together with Audited Statement of Accounts, Auditors' Report and Review by the Comptroller & Auditor General of India for the reporting period.

### FINANCIAL RESULTS

	Rs. million	
	2008-09	2007-08
Total Income/Revenue	784.82	418.92
Total Expenditure	499.62	226.44
Profit before Tax	285.20	192.48
Less: Tax	100.36	65.83
Profit after tax	184.84	126.65
Balance brought forward	102.74	9.23
Balance available for appropriation	287.58	135.88
Transfer to general reserve	18.50	12.67
Proposed Dividend	25.00	17.50
Tax on proposed Dividend	4.25	2.97
Surplus carried forward	239.83	102.74

### DIVIDEND

Your Directors have recommended a dividend of Rs. 25 million @ Rs. 308.98 per equity share on the face value of fully paid-up equity share capital of Rs. 10/- each. The dividend shall be paid after your approval at the Annual General meeting.

### OPERATIONAL REVIEW

Your Company has received Excellent Rating against the achievement of MOU target for the financial year 2005-06, 2006-07 and 2007-08, in succession.

Your Company has made a foray into distribution sector by forming a Joint Venture Company viz. KINESCO Power and Utilities Private Limited (KINESCO). KINESCO, a joint venture company with Kerala Industrial Infrastructure Development Corporation (KINFRA) and KINFRA Export Promotion Industrial Parks Limited (KEPIP) was incorporated on September 17, 2008, to take up retail distribution of power in various Industrial Parks developed by KINFRA in Kerala, other SEZs and industrial areas. The current load is about 14 MW with a projected load ramp up to 150-160 MW in next five years.

Under Rajeev Gandhi Grameen Vidyutikaran Yojana (RGGVY), a Government of India Programme introduced in April 2005, for achieving the National Common Minimum Programme with objective of providing access to electricity to all Rural Households over a period of four years, your company has been entrusted the work of rural electrification in 5 states covering 38527 villages in 30 districts with approx. 27 Lakh BPL household connections.

After completion of work in West Midnapore district of West Bengal, implementation of rural electrification work had been in full swing in balance 7 districts sanctioned in X<sup>th</sup> plan i.e. Ashok Nagar and Guna district of Madhya Pradesh, Janjgir and Champa district of Chhattisgarh, Deogarh and Jantara district of Jharkhand and Angul and Nayagarh district of Orissa during the year 2008-09.

Your Company have achieved electrification of 4107 villages (1863 Un-electrified (UE) / De-electrified (DE) and 2244 partly electrified (PE)) and provided electricity connection to 1,68,633 BPL households.

Your Company has successfully awarded the turnkey contracts for 22 RGGVY projects sanctioned under XI<sup>th</sup> plan. Under RGGVY, your company has set an ambitious target of electrification of 7500 UE/DE villages and about 10,000 PE villages providing connections to 8.5 lakh BPL households in the year 2009-10 through X<sup>th</sup> and XI<sup>th</sup> plan projects.

Your Company has also successfully completed the following projects:

- Assignment of Advisor-cum-Consultant (AcC) on behalf of Government of India, Ministry of Power, for Accelerated Power Development Reforms Programme (APDRP) projects implemented by 12 states.
- Turnkey Execution of Substation work of Mega Sports Complex, Ranchi for the upcoming "National Games" in 2009-10.
- Turnkey implementation of APDRP work in Kolaras, Pohri and Khaniyadana towns of Shivpuri district in Madhya Pradesh.
- The assignment of providing post award project monitoring and supervision of quality of RGGVY works implemented by the State Utilities in Uttarakhand, Madhya Pradesh and Karnataka.
- Providing third party inspection services to Uttarakhand Power Corporation Limited and MP Poorva Kshetra Vidyut Vitran Company Limited for their stock material procurement works and development of their systems for self sustaining these activities by the utilities.

In continuation of the efforts to provide consultancy services to various DISCOMS, utilities and other customers in their various projects of distribution infrastructural development procedure, your company has begged following assignments and for which the work is in progress.

- The first ever contract won under competitive bidding in an open tender mode for project management consultancy work for setting up 220 KV substations, switch yard and associated facilities at BPCL Kochi Refinery with the comprehensive scope of concept to commissioning with a total project execution schedule of 20 months and contract closing in 32 months.

- Implementation of works of power supply arrangement for Port based Special Economic Zone at Vallarpadam for Cochin Port Trust (CPT). This assignment has been given to your company based on the work of preparation of Feasibility Report for SEZs at Vallarpadam & Puthuvyppeen and Detailed Project Report for stage-I, earlier completed for CPT, with a very tight schedule of charging of cables by October 31, 2009 and commissioning of the substation by February 15, 2010.

Your Company has also signed three Heads of Agreements with mega infrastructure developers for retail distribution of power through gas based captive power in green field SEZs / Mega Integrated Townships. However the progress on these projects had been kept slow as a mid course correction on account of the current economic meltdown and a cautious approach is being followed for the formation of detailed project reports and entering into any further agreements.

### FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31<sup>st</sup> March 2009.

### AUDITORS' REPORT AND MANAGEMENT COMMENTS THEREON

The Comptroller & Auditor General of India (C&AG) has appointed M/s Satish K. Agarwal & Co., Chartered Accountants as the Statutory Auditor of the Company for the financial year 2008-09.

In their report, the Statutory Auditors of the Company have drawn attention of the members to Note no.10 of schedule 17 to the financial statements. The note explains the basis for recognition of income from consultancy contracts and is as per the Accounting Policy adopted by the Company.

### C&AG REVIEW

C&AG vide letter dated June 1, 2009, has decided not to review the report of the Auditors on the accounts of the Company for the financial year 2008-09 and as such has no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed with the report of Statutory Auditors of your Company.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

There are no significant particulars, relating to conservation of energy, technology absorption under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, as your Company does not own any manufacturing facility. During the period under review there are no foreign exchange earnings and outgo.

### PARTICULARS OF EMPLOYEES

The Particular of employees pursuant to Section 217 (2A) of the Companies Act, 1956 are given in Annex-I.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2008-09 and of the profit of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- the directors had prepared the annual accounts on a going concern basis.

### DIRECTORS

Shri G.K. Agarwal, consequent upon his superannuation from the services of NTPC Limited has ceased to be the Director of the Company w.e.f. October 31, 2008 (A/N). The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri G.K. Agarwal, during his association with the Company.

The Board of Directors at its Meeting held on July 12, 2008 appointed Shri R.C. Shrivastav, as an Additional Director of the Company. Shri R.C. Shrivastav holds office upto the date of this Annual General Meeting but is eligible for appointment.

In accordance with the provisions of Companies Act, 1956, Shri A.K. Singhal, Director shall retire by rotation at this Annual General Meeting of your Company and, being eligible, offer himself for re-election.

### ACKNOWLEDGEMENT

The Board of Directors wishes to place on record its appreciation for the support and co-operation extended by the Ministry of Power, various state governments, various state utilities, various customers, NTPC Limited, the Auditors, the Bankers and the employees of the Company.

For and on behalf of the Board of Directors

Place: New Delhi  
Date: July 8, 2009

(R.S. SHARMA)  
CHAIRMAN

### ANNEXURE-I TO DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956:

Name	Designation and Nature of duties	Remuneration (in Rs.)	Qualification	Date of commencement of employment	Exp. (yrs.)	Age (yrs.)	Last employment held
1.	2.	3.	4.	5.	6.	7.	8.
<b>Employed for the part of year</b>							
R.K. Agarwal	DGM, APDRP	17,69,641	BE (Elect.)	07.07.1983	25	58	MSEB

Notes:

- The employee mentioned above is posted on secondment basis from NTPC Limited and is not related to any Directors of the Company.
- Remuneration includes salary & allowances and perks, permissible under holding Company's rules.

**ACCOUNTING POLICIES****1. BASIS OF PREPARATION**

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

**2. USE OF ESTIMATES**

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates & assumptions and such differences are recognized in the period in which the results are crystallized.

**3. FIXED ASSETS**

- 3.1 Fixed Assets are carried at historical cost.  
3.2 Intangible assets are recorded at their cost of acquisition.

**4. PROFIT AND LOSS ACCOUNT****4.1 INCOME RECOGNITION**

- 4.1.1 Income from consultancy service is accounted for on the basis of actual progress/ technical assessment of work executed, in line with the terms of respective consultancy contracts.  
4.1.2 Claims for reimbursement of expenditure are recognised as other income, as per the terms of consultancy service contracts.  
4.1.3 Liquidated damages are not treated as accrued due to uncertainty of realisation/acceptance and are therefore accounted for on receipt/acceptances.

**4.2 EXPENDITURE**

- 4.2.1 Depreciation is charged on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 except for the following assets at the rates mentioned below:

- |   |  |     |
|---|--|-----|
| a | Personal Computers and Laptops including peripherals | 19% |
| b | Photocopiers and Fax Machines                        | 19% |
| c | Air-conditioners, Water Coolers and Refrigerators    | 8%  |

- 4.2.2 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.

- 4.2.3 Assets costing up to Rs. 5,000/- are fully depreciated in the year of acquisition.

- 4.2.4 Cost of software recognized as intangible assets is amortised on straight line method over a period of legal right to use or 3 years, whichever is earlier.

- 4.2.5 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortised balance of such asset is charged prospectively over the residual life determined on the basis of the rate of depreciation.

- 4.2.6 Expenses on ex-gratia payments under voluntary retirement scheme and training and recruitment are charged to revenue in the year of incurrence.

- 4.2.7 The liabilities towards employee benefits are ascertained annually by the Holding Company i.e. NTPC Limited on actuarial valuation at the year end. The company provides for such employee benefits as apportioned by the Holding Company.

- 4.2.8 Preliminary expenses on account of new projects incurred prior to approval of feasibility report are charged to revenue in the year of incurrence.

- 4.2.9 Pre-paid expenses and prior period expenses/income of items of Rs. 1,00,000/- and below are charged to natural heads of accounts.

**5. PROVISIONS AND CONTINGENT LIABILITIES**

A provision is recognised when the company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. Contingent liabilities are disclosed on the basis of judgment of the management/ independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

**6. CASH FLOW STATEMENT**

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statements'.

**NTPC ELECTRIC SUPPLY COMPANY LIMITED  
BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2009**

	Sch. No.	31.03.2009	31.03.2008
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Capital	1	809100	809100
Reserves & surplus	2	273931152	118338167
Deferred tax liability		305384	178058
<b>TOTAL</b>		<b>275045636</b>	<b>119325325</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	3	13490095	8650782
Less: Depreciation		4163224	2348668
Net Block		9326871	6302114
<b>INVESTMENTS</b>			
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>	4	500000	-
Sundry debtors	5	172140041	81101209
Cash and bank balances	6	6044154479	1946090513
Other current assets	7	42647669	1005330
Loans and advances	8	120801194	193502346
		6379743383	2221699398
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>			
Liabilities	9	6066723399	2072241876
Provisions	10	47801219	36434311
		6114524618	2108676187
Net current assets		265218765	113023211
<b>TOTAL</b>		<b>275045636</b>	<b>119325325</b>

Contingent liabilities  
Notes on accounts  
Schedules 1 to 17 and accounting policies form integral part of accounts.  
As per our attached report of even date  
For Satish K. Aggarwal & Co.

Chartered Accountants

(Satish K. Aggarwal)

Partner

Place: New Delhi

Dated: 13<sup>th</sup> May, 2009

For & on behalf of the Board of Directors

(A. K. Singhal)

Director

(R.S. Sharma)

Chairman

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009**

	Sch. No.	Current Year	Previous Year
<b>INCOME</b>			
Sales	12	717262863	311037590
Other income	13	67560930	107885098
<b>Total</b>		<b>784823793</b>	<b>418922688</b>
<b>EXPENDITURE</b>			
Employees' remuneration and benefits	14	232662686	182557646
Administration and other expenses	15	264855533	42182915
Depreciation		2091683	1689676
Interest & finance charges	16	13830	11728
<b>Total</b>		<b>499623732</b>	<b>226441265</b>
<b>Profit before tax</b>		<b>285200061</b>	<b>192480723</b>
Provision for			
- Current tax		97889000	64078971
- Fringe Benefit tax		2342000	2005187
- Deferred tax		127326	(255219)
		100358326	65828939
<b>Profit after tax</b>		<b>184841735</b>	<b>126651784</b>
Balance brought forward		102738167	9227508
Balance available for appropriation		287579902	135879292
Transfer to General Reserve		18500000	12667000
Dividend			
- Proposed		25000000	17500000
Tax on Dividend			
- Proposed		4248750	2974125
<b>Balance carried to Balance Sheet</b>		<b>239831152</b>	<b>102738167</b>
Earning Per Share (Equity shares, face value Rs.10/- each) - Basic and Diluted		2284.54	1565.34

For Satish K. Aggarwal & Co.

Chartered Accountants

(Satish K. Aggarwal)

Partner

Place: New Delhi

Dated: 13<sup>th</sup> May, 2009

For & on behalf of the Board of Directors

(A. K. Singhal)

Director

(R.S. Sharma)

Chairman





**NTPC ELECTRIC SUPPLY COMPANY LIMITED**  
**SCHEDULES FORMING PART OF ACCOUNTS**

**SCHEDULE 1**  
**CAPITAL**

	Rs.
	31.03.2009
<b>Authorised</b>	
10,000,000 equity shares of Rs. 10/- each (Previous year 10,000,000 equity shares of Rs. 10/- each)	100000000
<b>Issued, Subscribed and Paid-Up</b>	
80,910 equity shares of Rs. 10/- each (Previous year 80,910 equity shares of Rs. 10/- each) are held by the holding company, NTPC Ltd. and its nominees.	809100

**SCHEDULE 2**  
**RESERVES AND SURPLUS**

	Rs.
	31.03.2009
<b>General Reserve</b>	
As per last Balance Sheet	15600000
Less: Adjustment during the year	-
	15600000
<b>Add: Transfer from Profit &amp; Loss Account</b>	18500000
	34100000
<b>Surplus, balance in Profit &amp; Loss Account</b>	239831152
<b>Total</b>	273931152

**SCHEDULE 3**  
**FIXED ASSETS**

	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 01.04.2008	Additions	Deductions / Adjustments	As at 31.03.2009	As at 01.04.2008	For the year	Deductions / Adjustments	Up to 31.03.2009	As at 31.03.2009	As at 31.03.2008	
<b>TANGIBLE ASSETS</b>											
Temporary erection	-	190549	-	190549	-	47637	-	47637	142912	-	
Furniture, fixtures & other office equipment	4927897	3535300	700109	7763088	1279633	1220390	277127	2222896	5540192	3648264	
EDP & WP machines	2785990	1813573	-	4599563	530085	621930	-	1152015	3447548	2255905	
<b>INTANGIBLE ASSETS</b>											
Software	936895	-	-	936895	538950	201726	-	740676	196219	397945	
<b>Total</b>	8650789	5539429	700109	13490095	9348668	8091683	277127	4163294	9396871	6302114	
Previous year	2127492	6523990	-	8650782	658992	1689676	-	2348668	6302114	1468500	

**SCHEDULE 4**  
**INVESTMENTS**

Share application money pending allotment in:  
KINESCO Power and Utilities Private Ltd.

	Rs.
	31.03.2009
<b>Total</b>	500000

**SCHEDULE 5**  
**SUNDRY DEBTORS**

(Considered good, unless otherwise stated)  
Debts outstanding over six months

	Rs.
	31.03.2009
- Unsecured	119435951
Other debts	38538568
- Unsecured	42562641
<b>Total</b>	172140041

**SCHEDULE 6**

**CASH AND BANK BALANCES**

Balances with scheduled banks  
- Term Deposit Account

	Rs.
	31.03.2009
<b>Total</b>	6044154479

**SCHEDULE 7**  
**OTHER CURRENT ASSETS**

Interest accrued on short term deposits  
with Indian banks  
Other recoverables

	Rs.
	31.03.2009
<b>Total</b>	43647669

**SCHEDULE 8**  
**LOANS & ADVANCES**

(Considered good, unless otherwise stated)  
ADVANCES

Recoverable from Joint Ventures

	Rs.
	31.03.2009
- Unsecured	850270
Others	271609
- Unsecured	102000
Claims recoverable	469333
- Unsecured	187361000

**DEPOSITS**

Advance tax deposit & tax deducted at source  
Less: Provision

	Rs.
	31.03.2009
<b>Total</b>	193502346

**SCHEDULE 9**

**CURRENT LIABILITIES**

Sundry Creditors

For goods and services

- Other than Micro & Small Enterprises

Book overdraft

Deposits, retention money from  
contractors and others

Advances from customers and others  
Other liabilities  
Amount received against deposit works  
Amount payable to NTPC Ltd.

**Total**

**SCHEDULE 10**

**PROVISIONS**

Fringe Benefit tax

As per last Balance Sheet

Additions during the year

Less: Set off against taxes paid

Proposed Dividend

As per last Balance Sheet

Additions during the year

Amounts used during the year

Tax on Proposed Dividend

As per last Balance Sheet

Additions during the year

Amounts used during the year

Employee benefits

As per last Balance Sheet

Additions during the year

Amounts used during the year

**Total**

	Rs.
	31.03.2009
<b>Total</b>	192153594

	Rs.
	31.03.2009
<b>Total</b>	130617999

	Rs.
	31.03.2009
<b>Total</b>	663643

	Rs.
	31.03.2009
<b>Total</b>	393435236

	Rs.
	31.03.2009
<b>Total</b>	121011044

	Rs.
	31.03.2009
<b>Total</b>	24030727

	Rs.
	31.03.2009
<b>Total</b>	1483288115

	Rs.
	31.03.2009
<b>Total</b>	120476754

	Rs.
	31.03.2009
<b>Total</b>	2072941876

	Rs.
	31.03.2009
<b>Total</b>	174477

	Rs.
	31.03.2009
<b>Total</b>	2005187

	Rs.
	31.03.2009
<b>Total</b>	2108782

	Rs.
	31.03.2009
<b>Total</b>	70882

	Rs.
	31.03.2009
<b>Total</b>	2500000

	Rs.
	31.03.2009
<b>Total</b>	17500000

	Rs.
	31.03.2009
<b>Total</b>	2500000

	Rs.
	31.03.2009
<b>Total</b>	17500000

	Rs.
	31.03.2009
<b>Total</b>	424875

	Rs.
	31.03.2009
<b>Total</b>	2974125

	Rs.
	31.03.2009
<b>Total</b>	9622235

	Rs.
	31.03.2009
<b>Total</b>	11584352

	Rs.
	31.03.2009
<b>Total</b>	5317283

	Rs.
	31.03.2009
<b>Total</b>	15889304

	Rs.
	31.03.2009
<b>Total</b>	36434311



**SCHEDULE 11****CONTINGENT LIABILITIES**

Claims against the Company not acknowledged as debt in respect of:

Others

**Total**

Possible reimbursement Rs. Nil

(Previous year Rs. 49,02,907)

	Rs.	Rs.
	31.03.2009	31.03.2008
Others	1275357	4902907
<b>Total</b>	<b>1275357</b>	<b>4902907</b>

**SCHEDULE 12****SALES**

Consultancy, project management and supervision fees

**Total**

	Current Year	Previous Year
Consultancy, project management and supervision fees	717262863	311037590
<b>Total</b>	<b>717262863</b>	<b>311037590</b>

**SCHEDULE 13****OTHER INCOME**

Reimbursables billed to clients

Interest from Indian Banks (Gross)

(Tax deducted at source Rs. 58889151,

Previous year Rs. 23240511)

Less: Transferred to amount received against deposit works

- Schedule 9

Others

**Total**

	Current Year	Previous Year
Reimbursables billed to clients	6673406	4325616
Interest from Indian Banks (Gross)	259646931	102713596
Less: Transferred to amount received against deposit works	198759407	-
Others	60887524	102713596
<b>Total</b>	<b>67560930</b>	<b>107885098</b>

**SCHEDULE 14****EMPLOYEES' REMUNERATION AND BENEFITS**

Salaries, wages, bonus, allowances & benefits

Contribution to provident and other funds

Welfare expenses

**Total**

	Current Year	Previous Year
Salaries, wages, bonus, allowances & benefits	186715768	146118835
Contribution to provident and other funds	19199084	11783897
Welfare expenses	26747834	24654914
<b>Total</b>	<b>230666686</b>	<b>182557646</b>

**Schedule 15****ADMINISTRATION AND OTHER EXPENSES**

Power charges

Rent

Repairs and maintenance

Building

Others

Insurance

Training and recruitment expenses

Communication expenses

Traveling expenses

Tender expenses

Less: Receipt from sale of tenders

Payment to Auditors

Advertisement & publicity

Entertainment expenses

Expenses for transit camp

Brokerage & commission

Books and periodicals

Professional charges & consultancy fees

Legal expenses

EDP hire and other charges

Printing and stationary

Expenses on hiring of vehicles

Miscellaneous expenses

**Total**

	Current Year	Previous Year
Power charges	486856	281524
Rent	3412429	2604032
Repairs and maintenance		
Building	40470	-
Others	10828872	4021996
Insurance	10869342	4021996
Training and recruitment expenses	67434	10793
Communication expenses	99151	8375
Traveling expenses	2630320	2805296
Tender expenses	24135420	15378223
Less: Receipt from sale of tenders	7043098	360961
Payment to Auditors	4414500	-
Advertisement & publicity	2628598	360961
Entertainment expenses	109508	83911
Expenses for transit camp	-	138192
Brokerage & commission	599108	585879
Books and periodicals	1208821	754839
Professional charges & consultancy fees	22500	29450
Legal expenses	42308	35848
EDP hire and other charges	206014050	6136345
Printing and stationary	12142	34250
Expenses on hiring of vehicles	556173	337628
Miscellaneous expenses	454423	542243
<b>Total</b>	<b>8059830</b>	<b>5542491</b>
	<b>3447120</b>	<b>2490639</b>
	<b>264855533</b>	<b>42182915</b>

**SCHEDULE 16****INTEREST AND FINANCE CHARGES**

Interest on:

Others

Finance Charges:

Bank charges

**Total**

	Current Year	Previous Year
Others		9929
Finance Charges:		
Bank charges	13830	1799
<b>Total</b>	<b>13830</b>	<b>11728</b>

**SCHEDULE 17****Notes on Accounts**

1) The Company is operating in a single segment, that is providing consultancy, project management and supervision services.

2) Earning per share:

The elements considered for calculation of Earnings per share (Basic & Diluted) are as under:

	Current Year	Previous Year
Net Profit after Tax used as numerator (Rupees)	18,48,41,735	12,66,51,784
Weighted average number of equity shares used as denominator	80,910	80,910
Earning per share (Rupees) - Basic & Diluted	2,284.54	1,565.34
Face value per share (Rupees)	10.00	10.00

3) Disclosure regarding Operating Leases:

The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and transit camps. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include Rs. 99,58,151 (Previous year Rs. 69,02,915) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and transit camps are shown as Rent in Schedule 15 - Administration and other expenses.

4) The item-wise details of deferred tax liability (net) are as under: Rs.

	31.03.2009	31.03.2008
Deferred tax liability		
i) Difference of book depreciation and tax depreciation	3,05,384	1,78,058
Less: Deferred tax assets	-	-
i) Provisions disallowed for tax purposes	-	-
<b>Deferred Tax Liability (Net)</b>	<b>3,05,384</b>	<b>1,78,058</b>

The net increase in the deferred tax liability of Rs. 1,27,326 (Previous year decrease Rs. 2,55,219) has been debited to Profit and Loss Account.

5) All the employees of the Company are on secondment from the Holding Company, i.e. NTPC Ltd.

6) Employees' remuneration and benefits include Rs. 2,05,04,062 (Previous year Rs. 1,89,76,143) in respect of gratuity, leave encashment, post retirement medical benefits, transfer traveling allowance on retirement/death, long service awards to employees, farewell gift on retirement and economic rehabilitation scheme as apportioned by the Holding Company i.e. NTPC Limited on actuarial valuation at the year end.

7) The pay revision of the employees of the company is due w.e.f. 1<sup>st</sup> January 2007. Pending decision of the committee formed by the GOI, a provision of Rs. 4,68,16,855 (Previous year Rs. 3,42,12,605) has been made on estimated basis as apportioned by the Holding Company i.e. NTPC Limited. Cumulative amount provided up to 31<sup>st</sup> March 2009 is Rs. 8,85,35,132 (Previous year Rs. 4,17,18,277).

8) Employees' remuneration and benefits include Rs. 11,86,501 (Previous year Rs. 10,59,048) towards tax liability on housing perquisites of employees borne by the company as per the decision of the Holding Company i.e. NTPC Limited.

9) The common services being utilized by the Company for its' office at NOIDA are provided without any charges by the Holding Company.

10) Wherever percentage completion basis is adopted for determining income from consultancy contracts, technical estimates of the percentage of completion and project costs have been considered.

11) Rs. 19,87,59,407 (Previous year Nil) towards interest earned on investment of advances received from REC Ltd. has been reduced from interest income (Schedule - 13) and transferred to amount received against deposit works (Schedule - 9) in terms of REC Ltd. letter no. REC/RGGVY/2008/859/275/4 dated 29.04.2008.



## 12) Payment to the Statutory Auditors (Schedule 15)

Rs.

	Current Year	Previous Year
Audit Fees	50,000	40,000
Tax audit Fees	17,500	14,000
Certification Fees	12,500	10,000
Reimbursements		
- Traveling Expense	21,010	12,001
- Service Tax	8,498	7,910
	1,09,508	83,911

13) Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 35,04,401 (Previous year Rs. 6,86,407).

14) Previous year's figures have been regrouped/rearranged wherever necessary.

15) Information pursuant to Part IV of Schedule VI of the Companies Act, 1956

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:****1. Registration Detail**

State Code: 055

Registration No. U40108DL2002GO1116635

Date

Month

Year

Balance Sheet Date

31

03

2009

**2. Capital Raised during the year**

(Rs. in Thousands)

Public Issue

NIL

Right issue

NIL

Bonus Issue

NIL

Private Placement

NIL

**3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities

6389570

Total Assets

6389570

**Source of Funds**

Paid up Capital

809

Reserve &amp; Surplus

273931

Secured Loans

NIL

Unsecured Loans

NIL

Deferred Tax Liability

305

**Application of Funds**

Net Fixed Assets

9327

Investments

500

Net Current assets

265218

Deferred Tax Asset

NIL

Misc. Expenditure

NIL

Accumulated Losses

NIL

**4. Performance of Company (Amount in Rs. Thousands)**

Turnover

717263

Total Expenditure

499624

Profit Before Tax

285200

Profit After Tax

184842

Earning Per Share in Rs.

2284.54

Dividend Rate (%)

3089.85

**5. Generic name of three principal products/services of Company**

(As per monetary terms)

Item Code No.

N.A.

(ITC Code)

Product Description

Consultancy Services

For Satish K. Aggarwal &amp; Co.

Chartered Accountants

For &amp; on behalf of the Board of Directors

(Satish K. Aggarwal)  
Partner(A. K. Singhal)  
Director(R.S. Sharma)  
Chairman

Place: New Delhi

Date: 13<sup>th</sup> May, 2009**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009**

Rs.

**A. CASH FLOW FROM OPERATING ACTIVITIES**

Net Profit/(Loss) before tax and Prior Period Adjustments

285200061

192480723

Adjustment for:

Depreciation

2091663

1689676

Interest Received

(60887524)

(102713596)

Operating Profit before

Working Capital Changes

226404220

91456803

Adjustment for:

Trade &amp; Other Receivables

(91038532)

135711049

Trade Payables &amp; Other Liabilities

399714468

641485212

Other Current Assets

(11392181)

(770321)

Loans &amp; Advances

185871788

(187093080)

Cash generated from operations

4306989683

680859663

Direct Taxes Paid

213479518

68086334

Net Cash from

Operating Activities - A

4093517163

612773329

**B. CASH FLOW FROM INVESTING ACTIVITIES**

Purchase of Fixed Assets

(5116440)

(6523990)

Interest Received

30637366

103459635

Investment in Joint Venture

(500000)

-

Net cash flow from

Investing Activities - B

25020926

96936345

**C. CASH FLOW FROM FINANCING ACTIVITIES**

Dividend Paid

(17500000)

(2500000)

Tax on Dividend

(2974125)

(424875)

Net Cash flow from

Financing Activities - C

(20474125)

(2924875)

**D. OTHERS**

Net Increase/Decrease in Cash &amp; Cash equivalents (A + B + C + D)

4098063966

706784799

Cash &amp; cash equivalents

(Opening balance)

1946090513

1239305714

Cash &amp; cash equivalents

(Closing balance)

6044154479

1946090513

Notes: Cash &amp; Cash equivalents consist of Cash in Hand and Balance with Banks.

Previous year's figures have been regrouped/rearranged wherever necessary

As per our attached report of even date

For Satish K. Aggarwal &amp; Co.

Chartered Accountants

(Satish K. Aggarwal)

Partner

For &amp; on behalf of the Board of Directors

(A. K. Singhal)

Director

(R.S. Sharma)

Chairman

Place: New Delhi

Dated: 13<sup>th</sup> May, 2009**AUDITORS' REPORT**

To the Members of

NTPC ELECTRIC SUPPLY COMPANY LTD.

1. We have audited the attached Balance Sheet of NTPC Electric Supply Company Ltd. (a wholly owned subsidiary of NTPC Ltd.) as at 31<sup>st</sup> March, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

## 4. We would draw attention to:

Note no. 10 of schedule 17 to financial statements in respect of income recognition, technical estimates of percentage of completion and project costs have been certified by the management and hence relied upon by us.

## 5. Further to our comments in annexure referred to in para 3 &amp; 4 above, we report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (e) Being a Government company, pursuant to the Notification No. GSR 829(E) dated 17.07.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the company;
- (f) In our opinion, and according to the best of our information and according to the explanations given to us, the said accounts read with the Accounting Policies and Notes thereon in Schedule 17, give the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. in the case of Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2009,
  - b. in the case of Profit and Loss Account, of the profit for the year ended on that date, and
  - c. in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For Satish K. Aggarwal & Co.  
Chartered Accountants  
(Satish K. Aggarwal)  
Partner  
Membership No.: 081355

Place: New Delhi  
Date : 13<sup>th</sup> May, 2009

**ANNEXURE TO THE AUDITORS' REPORT**

Referred to in paragraph 3 of our report of even date.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As per policy, the company conducts physical verification of its Miscellaneous Bought Out Assets covering furniture, office equipment, computers & peripherals etc. once in two years. As the last verification was done in the previous year, the company intends to carry out the exercise in the next year.
- (c) No fixed assets have been disposed off during the year.
- (ii) (a) The company does not have inventory.  
Accordingly, the provisions of clause 4(ii) (b) & (c) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (iii) (a) The Company has not granted any loans secured or unsecured to any company, firm or other party covered in the register maintained under section 301 of the Companies Act 1956.  
In view of (iii) (a) above, the clauses (iii) (b), (iii) (c) and (iii) (d) are not applicable.
- (e) The Company has not taken any loans secured or unsecured from any company, firm or other party covered in the register maintained under section 301 of the Companies Act 1956.  
In view of (iii) (e) above, the clauses (iii) (f) and (iii) (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and nature of its business for purchase of fixed assets and for sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- (v) (a) The company has not carried out any transactions required to be entered in the register maintained under section 301 of the Companies Act 1956.
- (b) In view of clause (v) (a) above, the clause (v) (b) is not applicable.
- (vi) The Company has not accepted deposits from the public.
- (vii) The provisions of the Order related to internal audit are applicable to the company as the paid up capital plus reserves of the company are more than Rs. 50 lac at the commencement of the year under audit and the average annual turnover for the three consecutive financial years immediately preceding the year under audit being more than Rs. 5 crore. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The maintenance of cost records under section 209(1) (d) of the Companies Act 1956 is not applicable to the company, as the company has not commenced any activities related to distribution of electricity.
- (ix) (a) Undisputed statutory dues including income tax, sales tax, wealth tax, service tax, excise duty, custom duty, cess and other statutory dues have generally been regularly deposited with the appropriate authorities.  
The provisions related to provident fund, investor education and

protection fund and employees' state insurance etc. along with the related provisions of clause (ix) (b) are not applicable to the company.

- (b) According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess, which have not been deposited on account of any dispute.
- (x) The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) Not applicable as the company has not taken any loans from any financial institution, bank or by way of issue of debentures.
- (xii) The company has not granted any loans or advances.
- (xiii) The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (xv) The company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) The company has not raised any term loans.
- (xvii) The company has not raised any short term or long-term funds.
- (xviii) The company has not made preferential allotment of shares to companies, firms or other parties listed in the registers maintained under Section 301 of the Companies Act, 1956.
- (xix) The company has not issued any debentures.
- (xx) The company has not raised money through a public issue.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Satish K. Aggarwal & Co.  
Chartered Accountants  
(Satish K. Aggarwal)  
Partner  
Membership No.: 081355

Place: New Delhi  
Date : 13<sup>th</sup> May, 2009

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF NTPC ELECTRIC SUPPLY COMPANY LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2009.**

The preparation of financial statements of NTPC Electric Supply Company Limited, New Delhi, for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditors General of India under Section 619(2) of the Companies Act, 1956, is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 13 May 2009.

I, on behalf of the Comptroller and Auditors General of India, have decided not to review the report of the statutory auditors' on the accounts of NTPC Electric Supply Company Limited, New Delhi for the year ended 31 March 2009 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on behalf of the  
Comptroller & Auditor General of India  
(Ghazala Meenai)  
Principal Director of Commercial Audit and  
Ex-officio Member Audit Board-III,  
New Delhi

Place: New Delhi  
Dated: 1 June, 2009

**NTPC HYDRO LIMITED**  
(A wholly owned subsidiary of NTPC Limited)  
**DIRECTORS' REPORT**

To

The Members,

Your Directors have pleasure in presenting their 7<sup>th</sup> Annual Report on the performance of the Company for the financial year ended 31<sup>st</sup> March, 2009 together with the Audited Accounts and Auditors' Report thereon.

**OPERATIONAL REVIEW**

Your Company was incorporated in the year 2002 as a wholly owned subsidiary of NTPC Limited, with a view to develop small & medium sized Hydro Electric Projects. Presently, Company is executing two projects namely, Lata-Tapovan Hydro Electric Project (171 MW), located in Chamoli District of Uttarakhand and Rammam Hydro Electric Project, Stage-III (120 MW) located in Darjeeling District of West Bengal.

Lata-Tapovan HEP is being developed as a regional power station with 12% free power to the State of Uttarakhand. In respect of Lata-Tapovan Hydro Electric Project (171 MW), your Company had received all statutory clearances and the land acquisition activities had been completed. Your Company had invited bids, under two stage bidding, for the Civil and Hydro Mechanical works package for Lata-Tapovan Hydro Electric Project. The award for Civil and Hydro Mechanical Works Package has been envisaged to be placed during 2009. The Lata-Tapovan Hydro Electric Project (171 MW) is scheduled to be commissioned during 12<sup>th</sup> Plan period.

Rammam Hydro Electric Project, Stage-III (120 MW) is being developed for the benefit of States of West Bengal and Sikkim. An interstate agreement had also been signed





between the State of Sikkim & West Bengal in this regard. In respect of Ramnam Hydro Electric Power Project, your Company has already received all statutory clearances. The Company has received physical possession of land required for the project and mutation work will be completed soon. Infrastructure development activities at site like construction of bridges and approach roads etc. has been started. Further, the work for award for Civil & Hydro Mechanical Works is envisaged to be made during 2009. Ramnam Hydro Electric Power Project is scheduled to be commissioned during the 12th Plan period.

#### FINANCIAL REVIEW

The financial highlights of the Company are as under:

	(Rs. in Million)	
	F/Y 2008-09	F/Y 2007-08
Paid-up Share Capital	924.26	562.80
Share Capital Deposit - Pending Allotment	3.00	60.00
Net Block	77.23	34.62
Capital work in progress	611.33	343.59
Construction Stores & Advances	157.58	195.92
Expenditures transferred to EDC	78.87	89.94

#### FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31<sup>st</sup> March 2009.

#### AUDITORS' REPORT

The Comptroller and Auditor General of India (C&AG) vide letter dated 7th August 2008 has appointed M/s K. Prasad & Company, Chartered Accountants as Statutory Auditor of the Company for the financial year 2008-09. M/s K. Prasad & Company had conducted statutory audit of the books of accounts for the financial year 2008-09 and there is no adverse comment, observation or reservation in the Auditors' Report on the accounts of the Company.

#### COMPTROLLERS & AUDITOR GENERAL REVIEW

The Comptroller & Auditor General of India (C&AG) vide its letter dated 27<sup>th</sup> May, 2009 have communicated that C&AG have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31<sup>st</sup> March, 2009 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956. Copy of the letter is enclosed with the report of the Statutory Auditors.

#### AUDIT COMMITTEE

As per the provisions of Section 299A of the Companies Act 1956, your Company has constituted an Audit Committee of the Board of Directors. Presently, following Directors are the members of Audit Committee:

1. Shri A.K. Singhal, Director
2. Shri R.C. Shrivastav, Director and
3. Shri K.B. Dubey, Director

#### PARTICULARS OF EMPLOYEES

During the financial year, no employee in the Company was having income over the amount specified under Sec. 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975. Therefore, particulars required under Sec. 217(2A) (a) (i) of Companies Act, 1956 is not required to be given.

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

Since the projects undertaken by the Company are in implementation stages, there are no significant particulars, relating to conservation of energy, technology absorption, under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988.

During the period under review, there was no earning or expenditure in foreign currency.

#### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act 1956, your Directors confirm that:

1. in the preparation of the Annual Accounts for the financial year ended 31<sup>st</sup> March 2009, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
2. the Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March 2009 and of the loss of the company for the said period;
3. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
4. the Directors had prepared the annual accounts for the financial year ended 31<sup>st</sup> March 2009, on going concern basis.

#### DIRECTORS

As per the provisions of the Companies Act, 1956, Shri K.B. Dubey, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment.

#### ACKNOWLEDGEMENT

The Board of Directors wishes to place on record its appreciation for the support and co-operation extended by the NTPC Limited, the holding Company, Central Electricity Authority and other agencies of Govt. of India, Govt. of Uttarakhand, Govt. of West Bengal, Govt. of Sikkim, Auditors and Bankers of the Company. Finally, we appreciate and value the contributions made by all our employees.

For and on behalf of the Board of Directors

Place: New Delhi  
Date: July 8, 2009

(R.S. SHARMA)  
CHAIRMAN

#### SIGNIFICANT ACCOUNTING POLICIES

##### 1. BASIS OF PREPARATION

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

##### 2. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates & assumptions and such differences are recognized in the period in which the results are crystallized.

##### 3. FIXED ASSETS

- 3.1 Fixed Assets are shown at historical cost.
- 3.2 Expenditure on renovation and modernization of fixed assets resulting in increased life and/or efficiency of an existing asset is added to the cost of related assets.
- 3.3 Intangible assets are recorded at their cost of acquisition.
- 3.4 Capital expenditure on assets not owned by the Company is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the Fixed Assets.
- 3.5 Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relating to land in possession are treated as cost of land.
- 3.6 In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.
- 3.7 Assets and systems common to more than one generating unit are capitalised on the basis of engineering estimates/assessments.

##### 4. CAPITAL WORK-IN-PROGRESS

- 4.1 Administration and general overhead expenses attributable to construction of fixed assets are identified and allocated on a systematic basis and included in the cost of related assets till they are ready for their intended use.
- 4.2 Deposit work/ cost plus contracts are accounted for on the basis of statements of account received from the contractors.
- 4.3 Claims for price variation/exchange rate variation in case of contracts are accounted for on acceptance.

##### 5. PROFIT AND LOSS ACCOUNT

##### EXPENDITURE

- 5.1 Depreciation is charged on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 except for the following assets in respect of which depreciation is charged at the rates mentioned below:

Rate of depreciation (p.a.)		
1	Personal Computers/Laptops including Peripherals	19%
2	Photocopiers & Fax Machines	19%
3	Air-conditioners, Water Coolers and Refrigerators	8%

- 5.2 Depreciation on addition to / deduction from fixed assets during the year is charged on pro-rata basis from / up to the month in which the asset is available for use / disposal.
- 5.3 Assets costing up to Rs. 5000/- are fully depreciated in the year of acquisition.
- 5.4 Cost of software recognized as intangible assets, is amortised on straight line method over a period of legal right to use or 3 years, whichever is earlier.
- 5.5 Capital expenditure on asset not owned by the company is amortised over a period of 4 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use. However, such expenditure for community development in case of stations under operation is charged off to revenue.
- 5.6 Leasehold buildings are amortised over the lease period or 30 years, whichever is lower. Leasehold land and buildings, whose lease period is yet to be finalised, are amortised over a period of 30 years.
- 5.7 Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.
- 5.8 Prepaid expenses and prior period expenses / income of items of Rs. 100,000/- and below are charged to natural heads of accounts.

##### 6. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when the company has a present obligation as result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. Contingent liabilities are discovered on the basis of judgment of the management/ independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

##### 7. CASH FLOW STATEMENT

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statements'.





**NTPC HYDRO LIMITED**  
**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009**

	SCHEDULE NO.	As at 31.03.2009	Rs. As at 31.03.2008
<b>SOURCES OF FUNDS</b>			
Share Capital	1	924,262,000	562,800,000
Share Capital Deposit-Pending Allotment		3,000,000	60,000,000
<b>Total</b>		<b>927,262,000</b>	<b>622,800,000</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	2	81,494,996	37,638,671
Less: Depreciation		4,266,017	3,012,283
Net Block		77,228,979	34,626,388
Capital Work In Progress	3	611,329,703	343,591,850
Construction Stores and Advances	4	157,578,357	195,918,463
		<b>846,137,039</b>	<b>574,136,701</b>
<b>Current Assets, Loans and Advances</b>			
Cash and Bank Balances	5	8,477,311	2,213,160
Loans and Advances	6(a)	2,981,450	169,153
Other Current Assets	6(b)	9,714	4,872
		<b>11,468,475</b>	<b>2,387,185</b>
<b>Liabilities</b>	7(a)	9,578,381	31,910,597
<b>Provisions</b>	7(b)	2,091,825	3,129,181
		<b>11,670,206</b>	<b>35,039,778</b>
Net Current Assets		(201,731)	(32,652,593)
<b>Profit &amp; Loss Account</b>			
<b>Total</b>		<b>927,262,000</b>	<b>622,800,000</b>

Notes on Accounts

Schedules 1 to 14, significant accounting policies form integral part of accounts.

For and on behalf of Board of Directors

As per our report of even date

For K. Prasad & Company  
Chartered Accountants

(K.M. Agarwal)	(Manish Kumar)	(A.K. Singhal)	(R.S. Sharma)
Partner	Company Secretary	Director	Chairman

Place : New Delhi  
Dated: 13.05.2009

**NTPC HYDRO LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009**

	SCHEDULE NO.	Current Year 31.03.2009	Rs. Previous Year 31.03.2008
<b>INCOME</b>			
Other Income	8	-	-
<b>EXPENDITURE</b>			
Employees' remuneration and benefits	9	-	-
Administration & other expenses	10	10,800	-
Depreciation	2	-	-
Finance charges	11	-	-
<b>Total Expenditure</b>		<b>10,800</b>	<b>-</b>
<b>Loss before Tax and Prior Period Adjustment</b>		<b>10,800</b>	<b>-</b>
<b>Loss before Tax</b>		<b>10,800</b>	<b>-</b>
Fringe Benefit Tax		565,209	820,046
Less: Allocated to EDC		565,209	820,046
<b>Loss after Tax</b>		<b>(10,800)</b>	<b>-</b>
Balance brought forward		(81,315,892)	(81,315,892)
<b>Balance carried to Balance Sheet</b>		<b>(81,326,692)</b>	<b>(81,315,892)</b>
Expenditure During Construction	13	-	-
Earning per share (Basic/Diluted)		-	-
Notes on Accounts	14	-	-

Schedules 1 to 14, significant accounting policies form integral part of accounts.

For and on behalf of Board of Directors

As per our report of even date

For K. Prasad & Company  
Chartered Accountants

(K.M. Agarwal)	(Manish Kumar)	(A.K. Singhal)	(R.S. Sharma)
Partner	Company Secretary	Director	Chairman

Place : New Delhi

Dated: 13.05.2009

**NTPC HYDRO LIMITED**  
**SCHEDULES - FORMING PART OF ACCOUNTS**

**SCHEDULE 1****CAPITAL****AUTHORISED**500,000,000 Equity shares of Rs. 10/- each  
(Previous year 500,000,000 Equity shares  
of Rs. 10/- each)

	As at 31.03.2009	Rs. As at 31.03.2008
	5,000,000,000	5,000,000,000

**SCHEDULE 1 (Contd.)**

	As at 31.03.2009	Rs. As at 31.03.2008
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
9,24,26,200 Equity shares of Rs. 10/- each fully paid up (Previous year 56,280,000 Equity shares of 10/- each fully paid up) held by the holding company, N T P C Limited and its nominees	924,262,000	562,800,000
<b>Total</b>	<b>924,262,000</b>	<b>562,800,000</b>

**SCHEDULE 2****FIXED ASSETS**

Fixed Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2008	Additions	Deductions/ Adjustments	As on 31.03.2009	As at 01.04.2008	For the Year	Deductions/ Adjustments	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
<b>TANGIBLE ASSETS</b>										
Land										
(including development expenses)										
Freehold	19,018,725	38,914,270	(977,423)	58,910,418	-	-	-	-	58,910,418	19,018,725
Leasehold	9,837,418	3,058,019	-	12,895,437	273,262	392,176	-	665,438	12,229,999	9,564,156
Plant & Machinery	78,825	-	-	78,825	14,950	3,198	-	18,148	60,677	63,875
Furniture, Fixtures & other office equipments	4,762,885	191,528	176,508	4,777,905	1,551,281	376,849	108,571	1,819,559	2,958,346	3,211,604
EDP WP & SATCOM Equipments	2,655,443	745,189	-	3,400,632	1,172,790	580,630	-	1,753,420	1,647,212	1,482,653
Electrical Installations	-	82,569	-	82,569	-	5,906	-	5,906	76,663	-
Capital expenditure on assets not owned by the company	1,285,375	-	-	1,285,375	-	-	-	-	1,285,375	1,285,375
<b>INTANGIBLE ASSETS</b>										
Software	-	63,835	-	63,835	-	3,546	-	3,546	60,289	-
<b>Total</b>	<b>37,638,671</b>	<b>43,055,410</b>	<b>(800,915)</b>	<b>81,494,996</b>	<b>3,012,283</b>	<b>1,362,305</b>	<b>108,571</b>	<b>4,266,017</b>	<b>77,228,979</b>	<b>34,626,388</b>
Previous Year	7,240,177	30,606,493	207,929	37,638,671	1,726,560	1,388,595	102,872	3,012,283	34,626,388	5,513,617

Depreciation for the year is allocated as given below:

Charged to Profit &amp; Loss Account

Transferred to Expenditure during Construction (Schedule 13)

**Total**

	Current Year	Previous Year
	1,362,305	1,388,595
<b>Total</b>	<b>1,362,305</b>	<b>1,388,595</b>


**SCHEDULE 3**  
**CAPITAL WORK-IN-PROGRESS**

Rs.

Fixed Assets	As at 01.04.2008	Additions	Deduction & Adjustments	Capitalised	As at 31.03.2009	As at 31.03.2008
Roads, Bridge, Culverts & Helipads	-	894,000	-	-	894,000	-
Dams, Spillways	10,300,000	164,066,000	-	-	174,366,000	10,300,000
Expenditure towards diversion of forest land	78,462,518	-	-	-	78,462,518	78,462,518
Expenditure during construction	204,018,075	78,870,798	-	-	282,888,873	204,018,075
Capital Expenditure on Assets not Owned by the Company	1,258,171	21,739,477	-	-	22,997,648	1,258,171
Survey, Investigation, Consultancy and Supervision Charges	49,553,086	2,237,578	-	-	51,790,664	49,553,086
<b>Total</b>	<b>343,591,850</b>	<b>267,737,853</b>	<b>-</b>	<b>-</b>	<b>611,329,703</b>	<b>343,591,850</b>
Previous Year	142,244,530	201,347,320	-	-	343,591,850	142,244,530

**SCHEDULE 4**  
**CONSTRUCTION STORES AND ADVANCES**

Advances for Capital Expenditure  
 Unsecured, considered good  
 Covered by bank guarantees  
 Others

**Total**
**SCHEDULE 5**  
**CASH & BANK BALANCES**

Balances with scheduled banks  
 Current Accounts

**Total**
**SCHEDULE 6(a)**  
**LOANS AND ADVANCES**  
**ADVANCES**

(Recoverable in cash in kind or for value to be received)

Employees (including imprest)  
 Unsecured, considered good  
 Others  
 Unsecured, considered good

**DEPOSITS**

Deposits with sales tax authorities  
 Others

Fringe Benefit Tax

Opening Balance

Advance Tax Deposited

Less: Provision for fringe benefit tax

**Total**
**SCHEDULE 6(b)**  
**OTHER CURRENT ASSETS**

Interest Accrued (on Term Deposits)

**Total**
**SCHEDULE 7(a)**  
**CURRENT LIABILITIES**

Sundry Creditors

For capital expenditure

Other than micro &amp; small enterprises

For goods and services

Other than micro &amp; small enterprises

Deposits, Retention Money from

Contractors and Others

Less: Investments held as security

Amount payable to NTPC Ltd.

Other Liabilities

**Total**
**SCHEDULE 7(b)**  
**PROVISIONS**

Provision for Employee Benefits

Opening Balance

Additions during the year

Less: Used during the year

**Total**
**SCHEDULE 8**  
**OTHER INCOME**

Income from other source  
 Interest Accrued on Deposit (Gross)  
 (Tax deducted at source nil)  
 Miscellaneous Income

**Less:** Transferred to Expenditure  
 During Construction-Sch.No.13

**Total**
**SCHEDULE 9**  
**EMPLOYEES' REMUNERATION AND BENEFITS**  
 Employees; remuneration and benefits  
 Salaries, Wages, Bonus, Allowances & Benefits  
 Contribution to Provident and Other Funds  
 Welfare Expenses

**Less:** Transferred to Expenditure  
 During Construction-Sch.No.13

**Total**
**SCHEDULE 10**  
**ADMINISTRATION & OTHER EXPENSES**

Power Charges  
 Water Charges  
 Rent  
 Repairs & Maintenance  
 Buildings  
 Others  
 Insurance  
 Training & Recruitment Expenses  
 Communication Expenses  
 Payment to Auditors  
 Audit Fee  
 In Other Capacity  
 Advertisement & Publicity  
 Tender Expenses  
 Security Expenses  
 Entertainment Expenses  
 Inland Travelling Expenses  
 Expenses for guest house  
 Less: Recoveries

Books and Periodicals  
 Professional charges and consultancy fees  
 Legal Expenses  
 EDP hire and other charges  
 Printing and Stationery  
 Miscellaneous Expenses  
 Rates & Taxes  
 Loss on write off of fixed assets  
 R&R Expenses  
 Expenses on Hiring of vehicle  
 Subscription to trade & other Association

**Less:** Transferred to Expenditure  
 During Construction-Sch.No.13

**Total**
**SCHEDULE 11**  
**FINANCE CHARGES**

Bank Charges

**Less:** Transferred to Expenditure  
 During Construction-Sch.No.13

**Total**

Rs.  
 Current Year  
 Previous Year

4,842  
 4872

37,584  
 42,426  
 4872

42,426  
 4872

-  
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49,791,722  
 4,920,652  
 4,755,550  
 59,467,924

53,709,995  
 4,301,211  
 9,209,058  
 67,220,264

59,467,924  
 67,220,264

-  
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276,967  
 3,930  
 4,381,749  
 1,320,123  
 1,685,336  
 11,770  
 10,800  
 653,354  
 49,635  
 59,926  
 1,081,548  
 30,000  
 354,342  
 3,405,099

286,997  
 7,331  
 5,234,756  
 832,699  
 1,667,512  
 9,768  
 -  
 797,190  
 50,592  
 -  
 2,478,218  
 1,492,825  
 -  
 382,640  
 2,436,735

857,329  
 10,660

846,669  
 31,589  
 412,491  
 998,779  
 162,566  
 212,074  
 129,182  
 842  
 350,563  
 1,745,705  
 1,000  
 17,516,039

942,256  
 30,256  
 534,235  
 12,030  
 136,501  
 321,632  
 137,080  
 98,218  
 26,003  
 -  
 2,288,875  
 -  
 20,204,349

17,505,239  
 10,800

12,547  
 12,547

22,433  
 22,433

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**SCHEDULE 12**  
**PRIOR PERIOD EXPENDITURE**

	Current Year	Previous Year
Expenditure		Rs.
Others		288,277
Less: Transferred to Expenditure During Construction-Sch.No.13		288,277
<b>Total</b>		

**SCHEDULE 13**  
**EXPENDITURE DURING CONSTRUCTION**

<b>A. Employees remuneration and other benefits</b>		
Salaries, wages, allowances and benefits	49,791,722	53,709,995
Contribution to provident and other funds	4,920,652	4,301,211
Welfare expenses	4,755,550	9,209,058
<b>Total (A)</b>	<b>59,467,924</b>	<b>67,220,264</b>
<b>B. Administration &amp; Other Expenses</b>		
Power	276,967	286,997
Water Charges	3,930	7,331
Rent	4,381,749	5,234,756
Repair & maintenance		
Buildings	1,320,123	832,699
Others	1,685,336	1,667,512
Insurance	11,770	9,768
Communication Expenses	453,354	797,190
Remuneration to Auditors	49,635	50,592
Advertisement & Publicity	59,926	2,478,218
Tender Expenses	1,081,548	1,492,825
Security Expenses	30,000	-
Entertainment Expenses	354,342	382,640
Inland Travelling Expenses	3,405,099	2,436,735
Guest House Expenses	857,399	-
Less: Recoveries	10,660	-
	846,669	942,256
Books & Periodicals	31,589	30,256
Professional Charges and consultancy fee	412,491	534,235
Legal Expenses		12,030
EDP Hire and other charges	298,779	136,501
Printing and Stationary	162,566	321,632
Miscellaneous Expenses	212,074	137,080
Rates & Taxes	129,182	98,218
Loss on write off of Assets	842	26,003
Community Development Expenses	350,563	-
Expenses on Hiring of vehicle	1,745,705	2,288,875
Subscription to trade & other association	1,000	-
<b>Total (B)</b>	<b>17,505,239</b>	<b>20,204,349</b>
<b>C. Depreciation</b>		
<b>Total (C)</b>	<b>1,362,305</b>	<b>1,388,595</b>
<b>D. Interest &amp; Finance Charges Capitalised</b>		
Bank Charges	12,547	22,433
<b>Total (D)</b>	<b>12,547</b>	<b>22,433</b>
<b>E. Fringe Benefit Tax</b>		
<b>Total (E)</b>	<b>565,209</b>	<b>820,046</b>
<b>F. Prior Period Expenditure</b>		
		288,277
		288,277
<b>G. Other Income</b>		
<b>Total (A+B+C+D+E+F-G)</b>	<b>78,870,798</b>	<b>89,939,092</b>

**SCHEDULE 14**
**NOTES ON ACCOUNT**

- Estimated amount of contract remaining to be executed on capital account and not provided for Rs. 2919.98 lacs (Previous year Rs. 1943.12 lacs).
- The conveyance of the title of 3.804 hectare of freehold land of value Rs.199.96 lacs has been executed for Lata Tapovan Hydro Power Project. Execution of lease agreement of 70.83 hectare lease hold land of value Rs. 98.37 lacs in favour of the Company are still awaiting completion of legal formalities.
  - The conveyance of the title of 12.998 acre of freehold land of Sikkim value Rs. 186.18 lacs has been executed for Rammam HEP. The conveyance of the agreement of 30.496 acre of freehold land of West Bengal value Rs. 202.96 lacs has been executed for Rammam HEP. Execution of lease agreement of 4.76163 acre of Leasehold land of value Rs. 30.58 lacs in favour of Company are still awaiting completion of legal formalities.
- Disclosure Regarding Operating Leases:  
The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and transit camps. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include Rs. 30,72,355/- (Previous year Rs. 29,19,309/-) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and transit camps are shown as Rent in Schedule -10 Administration and other expenses
- Amount payable to NTPC Ltd. holding company has been shown Rs. 26,05,705/- as part of the current liabilities. This amount is payable to NTPC Ltd. on account of net balance of transactions upto 31<sup>st</sup> March 2009. The company will issue equity share against the payable amount to NTPC Ltd. in subsequent year.

- Earning Per Share  
The elements considered for calculation for Earning per share (Basic and Diluted) are as under:

	Current Year as on 31.03.09	Previous Year as on 31.03.08
Net Loss used as numerator	10800	-
Weighted Average number of equity shares used as denominator	73540838	42036228
Earning Per Share (Rupees) - Basic	-	-
Weighted Average number of equity shares used as denominator	73840838	48036228
Earning Per Share (Rupees) - Diluted	-	-
Face Value per share (Rupees)	10	10

- Corporate expenses has been allocated to Lata Tapovan Project and Rammam Project in the ratio of capital expenditure of the projects during the year.

Projects	2008-09	2007-08
Lata Tapovan Project	28399469	6296328
Rammam Project	8010106	24447448

- Balances shown under advances and creditors are subject to confirmation/reconciliation and consequent adjustment, if any.
- Contingent Liability: Company's liability towards reimbursement of Income Tax on HRR perks amounting to Rs. 2,76,560/- stayed by the Hon'ble Allahabad High Court (Previous year Nil).
- All the employees of the company are on secondment from the Holding Company.
- The employees remuneration and benefits includes Rs. 48,81,758/- (Previous year Rs. 2,31,51,425/-) in respect of gratuity, leave encashment, post retirement medical benefits, transfer traveling allowance on retirement / death, long service awards to employees, farewell, gift on retirement and economic rehabilitation scheme as apportioned by Holding Company i.e. NTPC Limited on actuarial valuation at the year end.
- The pay revision of the employees of the company is due w.e.f. 1<sup>st</sup> January 2007. Pending decision of the committee formed by the GOI, a provision of Rs. 13,903,187/- (Previous year Rs. 1,23,87,535/-) has been made on estimated basis as apportioned by the Holding Company i.e. NTPC Limited. Cumulative amount provided upto 31<sup>st</sup> March 2009 is Rs. 2,89,83,599/- (Previous year Rs. 1,50,80,412/-).
- Previous year figures have been regrouped / rearranged wherever necessary.
- Information pursuant to part IV of schedule VI of the companies Act, 1956

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>I Registration Details</b>	State Code : 055
Registration No. U4010101DL20002G011180113	
Balance-sheet date 31 03 09	
<b>II Capital Raised during the year (Rs. In Thousands).</b>	
Public Issue NIL	
Rights Issue NIL	
Bonus Issue NIL	
Private Placement 361462	

**III Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands)**

Total liabilities	Total Assets
938932	938932
Paid up Capital	Capital Deposit Account
924262	30000
Secured Loans	Reserve & Surplus
NIL	NIL
Deferred Tax Liability	Unsecured Loans
NIL	NIL
<b>Application of Funds</b>	
Net Fixed Assets	Investments
846137	NIL
Net Current Assets	Misc. Expenditure
-202	NIL
Accumulated Losses	
81327	

**IV. Performance of Company (Rs. in Thousands)**

Turnover (Including Other Income) Total Expenditure	11
NIL	
Loss before tax	11
11	
Earning per share in Rs.	Dividend Rate %
0.100	NIL





### V. Generic Names of Three principal Products/Services of Company (As per monetary terms)

Product Description: GENERATION OF ELECTRICITY IN A Item Code

For and on behalf of Board of Directors

In terms of our report of even date

**For K. Prasad & Company**  
**Chartered Accountants**

(K.M. Agarwal) (Manish Kumar)  
Partner Company Secretary

(A.K. Singhal)  
Director

(R.S. Sharma)  
Chairman

Place : New Delhi  
Dated: 13.05.2009

### NTPC HYDRO LIMITED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009

	Current Year	Previous Year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and Prior Period Adjustment	(10,800)	-
Depreciation	-	-
<b>Operating Profit before Working Capital Changes</b>	(10,800)	-
Adjustment for:		
Trade Payables and Other Liabilities	(93,369,573)	16,711,236
Loans and Advances	(3,828,515)	(8,671)
Other Current Assets	(4,842)	(4,879)
<b>Cash generated from operations</b>	(96,802,929)	16,697,693
Direct Taxes paid	(26,113,729)	16,697,693
<b>Net Cash from Operating Activities-A</b>	(548,991)	(913,210)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets & CWIP & Const Advance	(271,435,199)	(252,056,833)
<b>Net cash used in Investing Activities-B</b>	(271,435,199)	(252,056,833)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Share Capital Deposits	304,462,000	235,187,100
<b>Net cash flow from Financing Activities-C</b>	304,462,000	235,187,100
<b>Net Increase/Decrease in Cash and Cash equivalents (A+B+C)</b>	6,264,151	(1,085,250)
<b>Cash and cash equivalents (Opening Balance)</b>	2,213,160	3,298,410
<b>Cash and cash equivalents (Closing Balance)</b>	8,477,311	2,213,160

As per our report of even date

**For K. Prasad & Company**  
**Chartered Accountants**

(K.M. Agarwal) (Manish Kumar)  
Partner Company Secretary

Place : New Delhi  
Dated: 13.05.2009

For and on behalf of Board of Directors

(A.K. Singhal) (R.S. Sharma)  
Director Chairman

### AUDITORS' REPORT

To  
The Members of  
NTPC Hydro Limited  
New Delhi

- We have audited the attached Balance Sheet of **NTPC Hydro Limited** (a wholly owned subsidiary of NTPC Ltd.), as at 31<sup>st</sup> March, 2009, the Profit and Loss Accounts and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

4. Further to our comments in the Annexure referred to above, we report that:-

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
- The Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
- In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- Being a Government company, pursuant to the Notification No. GSR 829(E) dated 17.07.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the Company.
- In our opinion to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - in the case of the Balance Sheet, of the state of affairs of the Company as on 31<sup>st</sup> March, 2009;
  - in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
  - in the case of the Cash Flow statement, of the cash flow for the year ended on that date.

For K. Prasad & Company  
Chartered Accountants

Place : New Delhi  
Dated: 13.05.2009

(K.M. Agarwal)  
Partner

Membership No. 16205

### Annexure referred in paragraph 3 of Auditors' Report to the Members of NTPC HYDRO LIMITED on the accounts for the year ended on 31<sup>st</sup> March, 2009

- The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - The company has a programme for the Physical Verification of Fixed Assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the company and the nature of its assets.
  - In our opinion and according to the information and explanations given to us no substantial part of fixed assets of the company have been disposed off during the year.
- The company does not have inventory. Accordingly, the provisions of clause 4(ii) (b) & (c) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- The company has neither taken nor granted loans, secured or unsecured from/to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly paragraphs of clauses 4(iii)(b), (c) & (d) of the Companies Auditors' Report Order, 2003 are not applicable.
- In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets. The company has not made any purchase/sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control systems.
- The company has not carried out any transactions required to be entered in the register maintained under section 301 of the Companies Act, 1956.
  - In view of clause (v) (a) above, the clause (v) (b) is not applicable.
- According to the information and explanations given to us, the company has not accepted deposits under the provisions of section 58A & 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975.
- In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- The maintenance of cost records under section 209(I) (d) of the Companies Act, 1956 is not applicable to the company, as the company has not commenced any activities related to distribution of electricity.
- The company is regular in depositing with appropriate authorities undisputed statutory dues of Income Tax and Sales Tax.
  - According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, sales tax were in arrears, as at 31<sup>st</sup> March, 2009 for a period of more than six months from the date they became payable.
  - The provisions related to Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Wealth Tax, Custom Duty, Excise Duty, Service Tax and other Statutory dues are not applicable to the company.
  - According to the information and explanation given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- The accumulated losses of the company are not more than fifty percent of its net worth. The Company has incurred Cash losses during the financial year covered by our audit and not incurred in the immediately preceding financial year.
- According to the information and explanation given to us, the company has not taken loans from financial institution, banks or debenture holders.
- The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures, and other securities.



- xiii) The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 is not applicable to the company.
- xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable to the company.
- xv) The company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) The company has not taken term loans during the year.
- xvii) The Company has not raised short term or long term funds during the year.
- xviii) According to the information and explanations given to us, the company has made preferential allotment of shares to National Thermal Power Corporation Limited, Holding Company, covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
- xix) The company has not issued any debentures.
- xx) The company has not raised money by public issue.
- xxi) According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For K. Prasad & Company  
Chartered Accountants

Place : New Delhi  
Dated: 13.05.2009

(K.M. Agarwal)  
Partner  
Membership No. 16205

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF NTPC HYDRO LIMITED, NEW DELHI FOR THE YEAR ENDED, 31 MARCH, 2009**

The preparation of financial statements of NTPC Hydro Limited, New Delhi, for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditors General of India under Section 619(2) of the Companies Act, 1956, is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 13 May 2009.

I, on behalf of the Comptroller and Auditors General of India, have decided not to review the report of the statutory auditors' on the accounts of NTPC Hydro Limited, New Delhi for the year ended 31 March 2009 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on behalf of the  
Comptroller & Auditor General of India

Place: New Delhi  
Dated: 27 May, 2009

(Ghazala Meenai)  
Principal Director of Commercial Audit and  
Ex-officio Member Audit Board-III,  
New Delhi

**NTPC VIDYUT VYAPAR NIGAM LIMITED**  
(A wholly owned subsidiary of NTPC Limited)

**DIRECTORS' REPORT**

To the Members,

Your Directors have pleasure in presenting the Seventh Annual Report on the working of the Company for the financial year ended on 31<sup>st</sup> March 2009 together with Audited Statement of Accounts, Auditors' Report and Review by the Comptroller & Auditor General of India for the reporting period.

**FINANCIAL RESULTS**

(Rs. million)

	2008-09	2007-08
<b>Total Income/Revenue</b>	<b>19798.58</b>	7960.85
<b>Total Expenditure</b>	<b>19043.41</b>	7671.02
Prior period income/expenditure(net)	2.78	-
<b>Profit before Tax</b>	<b>752.39</b>	289.83
Less: Tax	257.13	99.33
<b>Profit after tax</b>	<b>495.26</b>	190.50
Balance brought forward	12.38	68.68
<b>Profit available for appropriation</b>	<b>507.64</b>	259.18
Transfer to general reserve	380.00	200.00
Interim Dividend	20.00	-
Proposed Dividend	80.00	40.00
Tax on Interim Dividend	3.40	-
Tax on proposed Dividend	13.60	6.80
<b>Surplus carried forward</b>	<b>10.64</b>	12.38

**DIVIDEND**

Your Directors have recommended a final dividend @ Rs. 4 per equity share on the face value of fully paid-up equity share capital of Rs. 10/- each, for the financial year 2008-09, thus making the total dividend to Rs.5 per equity share including interim dividend @ Re 1 per equity share on the face value of fully paid-up equity share capital of Rs. 10/- each, paid in March 2009. The final dividend shall be paid after your approval at this Annual General meeting.

**POWER TRADING-BUSINESS**

In accordance to Central Electricity Regulation Commission (CERC) notification your Company was granted a trading license that was upgraded to 'F' category (highest category) in the year 2004-05 and the Company has retained the same category during the current year 2008-09.

During the financial year under review your company had traded 4831 million units (including 2288 million units traded under SWAP arrangements) amounting to Rs.18961 million, as compared to 3324 million units (including 1966 million units traded under SWAP arrangements) amounting to Rs.7598 million in the financial year 2007-08.

**NEW BUSINESS INITIATIVES**

The new business initiative for sale of Fly ash and Cenosphere were started during the year 2005-06. Your Company during the period under review had successfully sold 45356 MT of fly ash for export and 589412 MT of fly ash to domestic industries at a total price of Rs. 308 million.

The domestic sale of Cenosphere is being conducted through E-auction portal of MSTC Limited, a public sector company. During the year under review the Company has successfully sold 432 MT of Cenosphere for the sale value of Rs. 5 million.

**POWER EXCHANGE AT NATIONAL LEVEL**

Your Company has played a pivotal role in formation of the National Power Exchange Limited (NPX), a joint venture Company among NTPC Limited (NTPC), NHPC Limited (NHPC), PFC Limited (PFC) and Tata Consultancy Services Limited (TCS). NPX was incorporated on December 11, 2008, with an initial paid-up share capital subscribed by NTPC, NHPC, PFC and TCS in proportion of 16.67:16.67:16.66:50, respectively. NPX, had filed an application to Central Electricity Regulatory Commission to grant permission to set-up and operate Power Exchange at National Level, for which the hearing was held on March 26, 2009 and license for the same is awaited.

**FIXED DEPOSITS**

The company has not accepted any fixed deposit during the period ending 31<sup>st</sup> March 2009.

**MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis is enclosed at annexure-I

**AUDITORS' REPORT**

The Comptroller and Auditor General of India (C& AG) have appointed M/s Rohtas & Hans, Chartered Accountants as Statutory Auditor of the Company for the financial year 2008-09.

There is no adverse comment, observation or reservation in the Auditors' Report on the accounts of the Company.

**COMPTROLLER & AUDITOR GENERAL REVIEW**

Supplementary Audit was conducted by Comptroller & Auditor General of India under Section 619(3) (b) of the Companies Act, 1956. C&AG vide its letter dated June 11, 2009 communicated that on the basis of audit, nothing significant was noticed giving rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956. A letter from C&AG on the accounts of the Company for the financial year 2008-09 is placed with the report of Statutory Auditors of your Company.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

There are no significant particulars, relating to conservation of energy, technology absorption under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, as your Company does not own any manufacturing facility.

During the period under review the Company did not have any foreign currency earnings and an amount of Rs.0.31 million was spent in equivalent foreign currency on training & recruitment expenses and traveling expenses.

**PARTICULARS OF EMPLOYEES**

During the period under review the Company had no employees of the category, which falls, under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars) of Employees Rules, 1975.

**AUDIT COMMITTEE**

As per the provisions of section 292A of the Companies Act, 1956, your Company has constituted an Audit Committee of the Board of Directors comprising of Shri Chandan Roy, Shri A.K.Singhal and Shri R.C. Shrivastav. Three meetings of the Audit Committee were held during the financial year 2008-09. The senior-most Director on the Audit Committee shall be the Chairman and quorum shall be of two Directors.



## DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2008-09 and of the profit of the company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on going concern basis.

## BOARD OF DIRECTORS

During the financial year under review Shri G.K. Agarwal, consequent upon his superannuation from the services of NTPC Limited has ceased to be the Director of the Company w.e.f. October 31, 2008 (A/N). Shri Shyam Wadhera, on being appointed as the Member of Delhi Electricity Regulatory Commission, had also resigned as the Director of the Company w.e.f. November 17, 2008 (A/N). The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri G.K. Agarwal and Shri Shyam Wadhera, during their association with the Company.

The Board of Directors at its Meeting held on November 24, 2008 had appointed Shri R.C. Shrivastav, as an Additional Director of the Company. Shri R.C. Shrivastav holds office upto the date of this Annual General Meeting but is eligible for appointment.

In accordance with the provisions of Companies Act, 1956, Shri R.S. Sharma, Chairman shall retire by rotation at this Annual General Meeting of your Company and, being eligible, offer himself for re-election.

## ACKNOWLEDGMENT

The Board of Directors wish to place on record their appreciation for the support and co-operation extended by NTPC Limited, the Central Electricity Regulatory Commission, the valued customers of the Company, various State Electricity Boards, the Auditors and the Bankers of the Company.

For and on behalf of the Board of Directors

Place: New Delhi

(R.S. SHARMA)

Date: July 8, 2009

CHAIRMAN

## ANNEXURE-I

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENTS

The installed capacity of the nation has grown from 1362 MW in 1947 to 147965 MW in 2009. Although the growth has been spectacular, the inadequacy of generation has characterized the Power Sector operation in India. There is an inherent diversity in demand from various States and Regions resulting in periods of seasonal surplus in one area and period of deficit in another.

Diversities between availability and consumption of power leads to significant potential for trading and providing cheap and reliable power to consumers in deficit area. Trading is essential for resource optimization and meeting short-term demand by utilizing surpluses available. The need to meet the challenges posed by growing demands for power by buying power from surplus regions and supplying to deficit regions was felt in late nineties. The Electricity Act 2003 enacted on June 10, 2003 envisaged a multi-buyer and multi-seller market model, wherein, the electricity trading is a critical element in the value chain to develop a competitive market for electricity. The Act recognizes trading in power as a distinct business activity.

Trading can be inter-state or intra-state and the appropriate regulatory commission is to fix the eligibility criteria for a trader. Central Electricity Regulatory Commission (CERC) issued its order and regulations regarding the grant of license for inter state trading in January 2004, which was subsequently repealed by Regulations, 2009.

CERC had fixed trading margin of 4 paisa per kWh w.e.f. January 23, 2006 for electricity traders.

During the last four years, 44 traders have obtained licenses for serving the needs of the various clients. The traders are issued license under various categories starting from A, B, C, D, E and F depending on the volume of units proposed to be traded and net worth. During 2008-09 out of the total electricity generation of approximately 724 billion units approximately 24 billion units were traded, representing 3.35% of trading to total generation. The annual growth of 14% was recorded from a level of 21 billion units traded during 2007-08.

With the acceleration in the trading activities, the unutilized power, declared excess of the order of 1000-1200 MW in the Eastern Region and North Eastern Region has been fruitfully utilized in the other deficit regions, through the inter-regional transmission links.

The National Electricity Policy notified in January 2006, mandates the creation of power exchange to facilitate the development of a better price discovery mechanism for buyers as well as sellers of electricity. The power exchange shall provide a transparent and neutral platform for promoting competition in supply of electricity at wholesale level. It will provide an open market place for all stakeholders in the Power Sector including generators, distribution companies, Independent Power Producers (IPPs), Captive Power Producers (CPPs), traders etc who can participate either by becoming members of power exchange or becoming constituents of the members.

## RISKS AND CONCERNS

The fixed trading margin of 4 paisa per kWh for electricity traders limits revenues of trading companies. As per CERC records there were 44 licenses out of which 15 licenses were issued during 2008-09.

## OPPORTUNITIES

Ministry of Power, Government of India plans to enhance the existing inter-regional power transfer capacity of 20,750 MW to 37,400 MW by 2012. This would provide considerable opportunities for enhancement of trading volumes. Also setting up of the Power Exchange at National Level would provide a transparent and neutral platform for trading of power at Inter-State level and would enable enhancement of trading volumes by providing opportunities to capture day to day surpluses.

## PERFORMANCE DURING THE YEAR

### Operations

Your company has been issued license under category "F" which allows trading of 1000 million units and above every year without any upper limit.

The details of the power traded by the Company are as follows:

	Million units	
	Fiscal 2009	Fiscal 2008
Purchase & sale of power	2543	1358
Sale of power under Power Swap Arrangements	2288	1966
Total	4831	3324

During the financial year 2008-09, your company traded 4.831 billion units of power representing about 19.95% of nation's total power trading volume. The overall volume of the power traded has increased by about 45% over last year.

In the past three years, your company has developed a good customer base and has served over 30 state power utilities as its customers in all the five regions in the country. Besides trading of short-term surpluses of the various state power utilities, your company has worked out new strategies for trading of power and enhancing utilization of existing capacity. One of them is utilization of un-requisitioned surplus capacity from NTPC stations and other is utilization of Power through Power Swap Arrangements (PSA). In case of former, your company utilizes day-to-day un-requisitioned surplus of NTPC's power stations in one region in order to meet the deficit of beneficiaries in other regions. Your Company has traded about 538.87 MUs of URS (Liquid fuel), RLNG and coal stations of NTPC Limited.

Your Company has worked another innovative arrangement called Power Swap Arrangements. During the financial year 2008-09, the Company had traded 2288 million units as compared to 1966 million units in financial year 2007-08 under the power-swap arrangements.

### Financial Performance

The main revenue of your Company has been realized by trading of power of 4.831 billion units contributing to 97% of total revenue.

	Rs. Million	
	2008-09	2007-08
Sale of Power	18961	7598
Sale of Ash/ash products	313	21
Rebate on power purchase	366	145
Other Income	159	197
Total	19799	7961

During the financial year 2008-09, the Company had traded 4.831 billion units as compared to 3.324 billion units in financial year 2007-08. In addition to power trading, your Company is also trading fly ash. During the financial year 2008-09, the Company had sold 45356 MTs of fly ash for export as compared to 16783 MT of export during financial year 2007-08. The Company had traded 589412 MTs of fly ash during the financial year 2008-09 in domestic industry as compared to 9061 MTs of fly ash during the financial year 2007-08. The Company had also traded 432 MTs of Cenosphere during the financial year under review.

The expenditure incurred on the purchase of power and open access charges for the current year was Rs. 18588 million as compared to Rs. 7462 million incurred during last year.

	Rs. Million	
	2008-09	2007-08
Power purchase & Open access charges	18588	7462
Cost of Ash/Ash products	2	5
Rebate on power sale	365	138
Other operating expenses	85	64
Total operating expenses	19040	7669

During the current year, the cost of Ash and ash products has been of the order of Rs. 2 million. The rebate on power of sale is Rs. 365 million as compared to Rs. 138 million in the previous year.

The depreciation cost as compared to total expense is negligible since the fixed assets in the company are represented by furniture and fixtures, EDP machines etc. and the Gross Block was of the order of Rs. 4.291 million as on 31.3.2009.

	Rs. Million	
	2008-09	2007-08
Depreciation	0.704	0.602
Interest & Finance Charges	2.023	1.163
Total Expenses including operating expenses	19043	7671

The net profit after tax soared from Rs. 190.49 million to Rs.495.26 million registering an increase of 160%.

#### Dividend

Your Directors have recommended a final dividend of Rs. 80 million @ Rs. 4 per equity share on the face value of fully paid-up equity share capital of Rs. 10/- each, for the financial year 2008-09, thus making the total dividend of Rs. 100 million, including the interim dividend of Rs. 20 million @ Re 1 per equity share on the face value of fully paid-up equity share capital of Rs. 10/- each, paid in March 2009. The final dividend shall be paid after your approval at this Annual General meeting.

#### Reserves & Surplus

A sum of Rs.378.26 million have been added to Reserves and Surplus after appropriating dividend and dividend tax during current year.

#### Current Assets, Loans and Advances

The current assets, loans and advances at the end of the year were Rs. 1877 million as compared to Rs. 1235 million last year registering an increase of 52%.

	Rs. Million	
	31.3.2009	31.3.2008
Inventories	2	2
Sundry Debtors	621	267
Cash and Bank balances	1217	943
Other Current assets	34	19
Loans and Advances	3	4
Total Current Assets, Loans and Advances	1877	1235

The increase was mainly on account of increase in Cash & Bank Balances to Rs. 1217 million from Rs. 943 million due to security deposits received from buyers on power sale under SWAP arrangements and increase in sundry debtors to Rs. 621 million from Rs. 267 million outstanding during the previous year. The major amount of debtors has now been recovered from various buyers and balance amount would be realized soon.

#### Current Liabilities and Provisions

During the financial year 2008-09 Current Liabilities have increased to Rs. 985 million as compared to Rs. 767 million in the financial year 2007-08, mainly on account of increase in sundry creditors for power purchase.

	Rs. Million	
	31.3.2009	31.3.2008
Liabilities	985	767
Provisions	98	52
Total Liabilities and Provisions	1083	819

The provisions have doubled mainly due to increase in provision of proposed dividend by 100% and tax thereon.

#### Cash Flow Statement

	Rs. Million	
	2008-09	2007-08
Opening Cash and cash equivalents	943	656
Net cash from operating activities	237	232
Net cash used in investing activities	106	129
Net cash flow from financing activities	(70)	(74)
Net Change in Cash and cash equivalents	273	287
Closing cash and cash equivalents	1216	943

The closing cash and cash equivalent for the financial year ended March 31, 2009 has increased 1.29 times from Rs. 943 million in the previous year to Rs. 1216 million in the current year.

#### Financial Indicators

The various performance indicators for the current year as compared to previous year are as under: -

	Rs. Million	
Description	2008-09	2007-08
A i) Capital employed	795.53	417.27
ii) Net worth	795.53	417.27
B i) Return on Capital Employed (PBT/CE)	94.58%	69.46%
ii) Return on net worth (PAT/NW)	62.25%	45.65%
C Dividend as % of Equity Capital (basic/average)	50	20
D Earning per share in Rs.(EPS)	24.76	9.52

The capital employed as well as net worth has increased due to higher profits earned during the year 2008-09.

#### Human Resources

As on 31<sup>st</sup> March 2009, there were 41 employees posted on secondment basis from holding company viz. NTPC Limited. To achieve the ambitious growth targets, the company has drawn professional manpower from NTPC who have rich experience in dealing in various technical, financial and commercial issues. Continual training and up-gradation of skills of employees is ensured through mandatory 7 mandays of training every year.

For and on behalf of the Board of Directors

Place: New Delhi  
Date: July 8, 2009

(R.S. SHARMA)  
CHAIRMAN

#### NTPC VIDYUT VYAPAR NIGAM LTD.

##### ACCOUNTING POLICIES

##### 1. BASIS OF PREPARATION

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

##### 2. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates & assumptions and such differences are recognized in the period in which the results are crystallized.

##### 3. FIXED ASSETS

- 3.1. Fixed Assets are carried at historical cost.
- 3.2. Intangible assets are recorded at their cost of acquisition.

##### 4. FOREIGN CURRENCY TRANSACTIONS

- 4.1. Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.
- 4.2. At the balance sheet date, foreign currency monetary items are reported using the closing rate.

##### 5. INVENTORIES

- 5.1. Inventories are valued at the lower of cost, determined on weighted average basis, and net realizable value.
- 5.2. The diminution in value of obsolete / unserviceable items is ascertained on review & provided for.

##### 6. PROFIT AND LOSS ACCOUNT

##### 6.1. INCOME RECOGNITION

- 6.1.1. Sale of energy and fly ash/ ash products are accounted for based on rates agreed with the customers.





6.1.2. The surcharge on late payment/overdue sundry debtors for sale of energy is recognized when no significant uncertainty as to measurability or collectability exists.

## 6.2. EXPENDITURE

6.2.1. Depreciation is charged on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 except for the following assets at the rates mentioned below:

a) Personal Computers and Laptops including peripherals	19.00%
b) Photocopiers and Fax Machines	19.00%
c) Air conditioners, Water coolers and Refrigerators	08.00%

6.2.2. Depreciation on additions to/ deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.

6.2.3. Assets costing up to Rs.5000/- are fully depreciated in the year of acquisition.

6.2.4. Cost of software recognized as intangible asset, is amortized on straight line method over a period of legal right to use or 3 years, whichever is earlier.

6.2.5. Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.

6.2.6. Prepaid expenses and prior period expenses/income of items of Rs.1,00,000/- and below are charged to natural heads of accounts.

6.2.7. The liabilities towards employee benefits are ascertained annually by the Holding Company i.e. NTPC Ltd. on actuarial valuation at the year end. The company provides for such employee benefits as apportioned by the Holding Company.

## 7. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. Contingent liabilities are disclosed on the basis of judgment of the management/ independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

## 8. CASH FLOW STATEMENT

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statement'.

### NTPC VIDYUT VYPAR NIGAM LTD. BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2009

	Schedule No.	31.03.2009	(Rs.) 31.03.2008
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Capital	1	200000000	200000000
Reserves & Surplus	2	595530924	217267484
		795530924	417267484
<b>Deferred Tax Liability (Net)</b>		135636	48620
<b>TOTAL</b>		795665860	417316104
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	3		
Gross Block		4291433	3393165
Less: Depreciation		2517464	1872870
Net Block		1773969	1520295
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	4	1657968	1583343
Sundry Debtors	5	680933095	266672684
Cash and Bank balances	6	1216491402	943297906
Other Current Assets	7	34306486	19216607
Loans and Advances	8	3409664	4001500
		1876797915	1234772040
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
Liabilities	9	985216776	766611572
Provisions	10	97689248	52364659
		1082906024	818976231
Net Current Assets		793891891	415795809
<b>TOTAL</b>		795665860	417316104
Contingent liabilities	11		
Notes on accounts	18		

Schedules 1 to 18 and accounting policies form integral part of accounts.

For and on behalf of the Board of Directors

As per our Report of even date

For Rohtas & Hans

Chartered Accountants

(Hans Kumar Jain)

Partner

M.No. 82912

Place : New Delhi

Dated: 13<sup>th</sup> May, 2009

(Nitn Mehra)  
Company Secretary

(A.K.Singhal)  
Director

(R.S. Sharma)  
Chairman

### NTPC VIDYUT VYPAR NIGAM LTD. PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009

	Schedule No.	Current Year	Previous Year
<b>INCOME</b>			
Sales	12	19273897971	7619207071
Rebate on power purchase		365924695	144492741
Other income	13	158756814	197150938
<b>Total</b>		19798579480	7960850750
<b>EXPENDITURE</b>			
Power purchase		18588043014	7462167794
Open access charges		15000	29908
Cost of ash/ash products		2399966	4802650
Employees' remuneration and benefits	14	59269826	54551403
Administration & other Expenses	15	26294854	9665841
Rebate on power sale		364662147	138034871
Depreciation		704445	602073
Interest and finance charges	16	2023862	1163017
<b>Total</b>		19043413114	7671017487
<b>Profit before Tax and Prior Period Adjustments</b>		755166366	289833263
Prior Period income/expenditure (net)	17	2781320	-
<b>Profit before tax</b>		752385046	289833263
Provision for :			
a) Current tax		256525657	98926550
b) Deferred tax		87016	(94129)
c) Fringe Benefit tax		514633	504123
<b>Total (a+b+c)</b>		257127306	99336544
<b>Profit after tax</b>		495257740	190496719
Balance brought forward		12383528	68684809
Balance available for appropriation		507641268	259181528
Transfer to General Reserve		380000000	200000000
Dividend			
- Interim		200000000	-
- Final-Proposed		800000000	400000000
Tax on Dividend			
- Interim		3399000	-
- Final		13596000	6798000
<b>Balance carried to Balance Sheet</b>		10646268	12383528
Earning per share (Equity shares, face value Rs.10/- each)-Basic and diluted		24.76	9.52
Notes on accounts	18		

Schedules 1 to 18 and accounting policies form integral part of accounts.

For and on behalf of the Board of Directors

As per our Report of even date

For Rohtas & Hans

Chartered Accountants

(Hans Kumar Jain)

Partner

M.No. 82912

Place : New Delhi

Dated: 13<sup>th</sup> May, 2009

(Nitn Mehra)  
Company Secretary

(A.K.Singhal)  
Director

(R.S. Sharma)  
Chairman

### SCHEDULES FORMING PART OF ACCOUNTS

	(Rs.) 31.03.2009	31.03.2008
<b>SCHEDULE 1</b>		
<b>CAPITAL</b>		
<b>AUTHORISED</b>		
2,00,00,000 equity shares of Rs. 10/-each		
(Previous Year 2,00,00,000 equity shares of Rs. 10/-each)	200000000	200000000
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
2,00,00,000 equity shares of Rs. 10/-each fully paid-up (Previous year 2,00,00,000 equity shares of Rs. 10/- each fully paid up)		
All shares are held by the holding company, NTPC Limited and its' nominees.	200000000	200000000
<b>SCHEDULE 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
General Reserve		
As per last Balance Sheet	204883956	4883956
Add: Transfer from Profit & Loss Account	380000000	200000000
	584883956	204883956
Surplus in Profit & Loss Account	10646268	12383528
<b>Total</b>	595530924	217267484



(Rs.)

**SCHEDULE 3  
FIXED ASSETS**

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.04.2008	Additions	Deductions/ Adjustments	As at 31.03.2009	As at 1.04.2008	For the Year	Deductions/ Adjustments	upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
Furniture, fixtures & other office equipment	671282	645212	-	1316494	154062	135089	-	289151	1027343	517220
EDP & WP machines	2686378	139681	92198	2733861	1683303	500832	59851	2124284	609577	1003075
Intangible assets-software	35505	205573	-	241078	35505	68524	-	104029	137049	-
<b>Total</b>	<b>3393165</b>	<b>990466</b>	<b>92198</b>	<b>4291433</b>	<b>1872870</b>	<b>704445</b>	<b>59851</b>	<b>2517464</b>	<b>1773969</b>	<b>1520295</b>
Previous year	3127021	498004	231860	3393165	1423221	602073	152424	1872870	1520295	1703800
<b>Deduction / Adjustments from Gross Block includes</b>	<b>Current Year</b>				<b>Previous Year</b>					
Disposal / Retirement of assets	-				189708					
Others	92198				42152					
	92198				231860					
<b>Deduction/Adjustments from Depreciation includes</b>	-				146151					
Disposal / Retirement of assets	-				6273					
Others	59851				152424					
	59851				602073					
<b>Depreciation for the year is allocated as given below</b>	-				-					
Charged to Profit & Loss account	704445				-					

**SCHEDULE 4  
INVENTORIES**

(Valuation as per Accounting Policy No.5)

	31.03.2009	31.03.2008
Fly Ash (packed bags)	-	653972
Packing material #	-	552690
Cenosphere	1657268	1030653
	1657268	2237315
Less: Provision for obsolescence	-	653972
<b>Total</b>	<b>1657268</b>	<b>1583343</b>

# Inventory includes material with contractor

**SCHEDULE 5  
SUNDRY DEBTORS**

(Considered good, unless otherwise stated)

	31.03.2009	31.03.2008
Debts outstanding over six months	-	-
- Unsecured	-	-
Other debts	-	-
- Unsecured	-	-
<b>Total</b>	<b>620933095</b>	<b>266672684</b>
	<b>620933095</b>	<b>266672684</b>

**SCHEDULE 6  
CASH & BANK BALANCES**

Balances with scheduled banks

	31.03.2009	31.03.2008
- Current Account	3905402	3092906
- Term Deposit Account*	1212586000	940205000
<b>Total</b>	<b>1216491402</b>	<b>943977906</b>

\* Rs. 45000/- (Previous year Rs.45000/-)

deposited as security with Sales Tax Authority

**SCHEDULE 7  
OTHER CURRENT ASSETS**

Interest accrued on Term Deposits

	31.03.2009	31.03.2008
	34306486	19216607

**SCHEDULE 8  
LOANS AND ADVANCES**

(Considered good, unless otherwise stated)

	31.03.2009	31.03.2008
ADVANCES		
(recoverable in cash or in kind or for value to be received)		
RLDCs		
- Unsecured	5000	-
Advance Income/ Fringe Benefit Tax and tax	393049214	-
Less: Provisions for taxation	390674550	-
	2374664	-

**DEPOSITS**

- Deposits with suppliers and others

	31.03.2009	31.03.2008
	1030000	4001500
<b>Total</b>	<b>3409664</b>	<b>4001500</b>

**SCHEDULE 9  
CURRENT LIABILITIES**

Sundry Creditors

	31.03.2009	31.03.2008
For goods and services		
Other than Micro and Small Enterprises	609015260	317265108
Holding Company -NTPC Limited	20358390	15093955
Deposits, retention money from buyers	341085711	429763992
	970459361	762123055
Advances from customers and others	14444136	4284564
Other liabilities	313279	203953
<b>Total</b>	<b>985216776</b>	<b>766611572</b>

**SCHEDULE 10  
PROVISIONS**

Income/ Fringe Benefit Tax

	31.03.2009	31.03.2008
As per last balance sheet	6822	202523
Additions during the year	258911358	99950728
Amount adjusted during the year	131756370	31609941
Less: Set off against taxes paid	390674550	131756370
	-	6822

Proposed dividend

	31.03.2009	31.03.2008
As per last balance sheet	40000000	20000000
Additions during the year	80000000	40000000
Amounts used during the year	40000000	20000000
	80000000	40000000

Tax on proposed dividend

	31.03.2009	31.03.2008
As per last balance sheet	6798000	3399000
Additions during the year	13596000	6798000
Amounts paid during the year	6798000	3399000
	13596000	6798000

Employee benefits

	31.03.2009	31.03.2008
As per last balance sheet	5559837	5242870
Additions during the year	792156	3703474
Amounts paid during the year	2258745	3386507
	4093248	5559837
<b>Total</b>	<b>97689248</b>	<b>52364659</b>

**SCHEDULE 11****CONTINGENT LIABILITIES**

Claims against the company not acknowledged

as debts in respect of:

	31.03.2009	31.03.2008
Letters of Credit other than for capital expenditure	232200000	322200000
Disputed open access charges	15600385	15600385
Disputed energy charges	108219634	127076
Others	200000	200000
<b>Total</b>	<b>356220019</b>	<b>338127461</b>

Current Year Previous Year

**SCHEDULE 12****SALES**

	31.03.2009	31.03.2008
Power #	18874348150	7524594341
Power under swap arrangements	86551229	73371189
Fly Ash	307878924	14483811
Cenosphere	5119668	6757730
<b>Total</b>	<b>19273897971</b>	<b>7619207071</b>

# Sale of power includes compensation received of Rs. 203954025/- (previous year Rs. 15701804/-) due to lesser drawl of power.

**SCHEDULE 13****OTHER INCOME**

Interest (Gross) (Tax deducted at source  
Rs. 33754646/-, Previous year Rs.42813906/-)  
Interest/surcharge received from customers  
Miscellaneous income  
**Total**

	(Rs.) Current Year	Previous Year
Interest (Gross) (Tax deducted at source)	156447261	189317510
Interest/surcharge received from customers	2309908	4297072
Miscellaneous income	345	3536356
<b>Total</b>	<b>158756814</b>	<b>197150938</b>

**SCHEDULE 14****EMPLOYEES' REMUNERATION AND BENEFITS**

Salaries, wages, bonus, allowances & benefits  
Contribution to provident and other funds  
Welfare expenses  
**Total**

Salaries, wages, bonus, allowances & benefits	48403919	42606754
Contribution to provident and other funds	4817455	3639042
Welfare expenses	6048452	8305607
<b>Total</b>	<b>59269826</b>	<b>54551403</b>

**SCHEDULE 15****ADMINISTRATION & OTHER EXPENSES**

Power Charges  
Rent  
Repairs & Maintenance  
Office  
Others  
**Total**

Power Charges	550635	31200
Rent	11019029	3021
Repairs & Maintenance		
Office	882675	-
Others	95077	10618
<b>Total</b>	<b>977752</b>	<b>10618</b>

Rates and taxes  
Training & recruitment expenses  
Communication expenses  
Travelling expenses  
Tender expenses  
Less: Receipt from sale of tenders  
**Total**

Rates and taxes	8141100	1500000
Training & recruitment expenses	336468	10500
Communication expenses	721691	760285
Travelling expenses	3157360	3770020
Tender expenses	1981004	788395
Less: Receipt from sale of tenders	270000	-
<b>Total</b>	<b>1711004</b>	<b>788395</b>

Payment to Auditors  
Advertisement and publicity  
Entertainment expenses  
Brokerage & commission  
Ash utilisation & marketing expenses  
Books and periodicals  
Professional charges and consultancy fee  
Legal expenses  
EDP hire and other charges  
Printing and stationery  
Miscellaneous expenses  
Loss on disposal of fixed assets  
**Total**

Payment to Auditors	79328	80348
Advertisement and publicity	1282874	168540
Entertainment expenses	592853	557795
Brokerage & commission	179070	227670
Ash utilisation & marketing expenses	43890	186907
Books and periodicals	19969	19707
Professional charges and consultancy fee	1658504	345054
Legal expenses	19100	104596
EDP hire and other charges	88144	28570
Printing and stationery	191537	361714
Miscellaneous expenses	1531616	677814
Loss on disposal of fixed assets	-	33157
<b>Total</b>	<b>26294854</b>	<b>9665841</b>

**SCHEDULE 16****INTEREST AND FINANCE CHARGES**

Interest on:  
Cash credit  
Others  
**Total**

Interest on:		
Cash credit	-	344687
Others	1882750	521834
<b>Total</b>	<b>1882750</b>	<b>866521</b>

Finance Charges:  
Bank charges  
**Total**

Finance Charges:		
Bank charges	141112	296496
<b>Total</b>	<b>6023862</b>	<b>1163017</b>

**SCHEDULE 17****PRIOR PERIOD INCOME/EXPENDITURE (NET)**

EXPENDITURE  
Salary, wages, bonus, allowances & benefits  
**Total**

EXPENDITURE		
Salary, wages, bonus, allowances & benefits	2781390	-
<b>Total</b>	<b>2781390</b>	<b>-</b>

**SCHEDULE 18****NOTES ON ACCOUNTS**

- Balances shown under debtors, advances and creditors in so far as these have not been since realized/discharged or adjusted are subject to confirmation/reconciliation and consequential adjustment, if any.
- Sales and Purchases of energy are recognized on the basis of monthly Regional Energy Accounts (REA) issued by the concerned Regional Power Committee (RPC).
- Sale of power under SWAP arrangements is billed by margin only to buyers. During the year, revenue on account of above has been recognized for Rs.8651229/- (previous year Rs.73371189/-) in schedule 12.
- Power purchase includes compensation payment of Rs.17151997/- (previous year Rs. 6453025/-) due to lesser drawl of power.
- The pay revision of the employees of the company is due w.e.f. 1<sup>st</sup> January 2007. Pending decision of the committee formed by the GOI, a provision of Rs.13938655/- (previous year Rs. 11358312/-) has been made on estimated basis during the year as apportioned by the Holding Company i.e. NTPC Limited. Cumulative amount provided upto 31<sup>st</sup> March 2009 is Rs.28219092/- (previous year Rs. 14280367/-).
- Employees' remuneration and benefits include Rs.3421998/- (previous year Rs. 6299998/-) in respect of gratuity, leave, post retirement medical benefits, transfer travelling allowance on retirement / death, long service awards to employees,

farewell gift on retirement and economic rehabilitation scheme as apportioned by the Holding Company i.e. NTPC Limited on actuarial valuation at the year end. All the employees of the company are on secondment from Holding Company i.e. NTPC Limited.

- The effect of foreign exchange fluctuation during the period is as under:  
The amount of exchange difference credited to the Profit and Loss Account is Rs. NIL (previous year Credit of Rs. 14112/-).
- Segment information
  - Business Segments:  
The Company's principal businesses are trading of energy and trading of fly ash/ ash products.
  - Segment Revenue and Expense:  
Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as Segment Expenses.
  - Segment Assets and Liabilities:  
Segment assets include all operating assets in respective segment comprising of net fixed assets and current assets, loans and advances. Segment liabilities include operating liabilities and provisions.

(Rs.)

	Business Segments					
	Energy trading		Fly Ash/ Ash products trading		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>REVENUE</b>						
Sales	18960899379	7597965530	319998592	21941541	19273897971	7619807071
Other Income	2309908	4297072	335	3536356	2309943	7833488
<b>Total</b>	<b>18963208587</b>	<b>7602262602</b>	<b>319998927</b>	<b>24777897</b>	<b>19276027514</b>	<b>7627040499</b>
<b>Segment Result</b>	<b>315299945</b>	<b>106078914</b>	<b>282508898</b>	<b>(5041327)</b>	<b>597808843</b>	<b>101037587</b>
Unallocated Corporate Interest & Other Income					156447271	189317510
Unallocated Corporate expenses, interest and finance charges					1871068	521834
Income Taxes (Net)					257197306	99336544
<b>Profit after Tax</b>					<b>495257740</b>	<b>190496719</b>
<b>OTHER INFORMATION</b>						
<b>Segment assets</b>	<b>1653109469</b>	<b>1164997980</b>	<b>188781965</b>	<b>22077748</b>	<b>1841890734</b>	<b>1187075798</b>
Unallocated Corporate and other assets					36681150	49216607
<b>Total Assets</b>					<b>1878571884</b>	<b>1236292335</b>
<b>Segment Liabilities</b>	<b>943333891</b>	<b>759063759</b>	<b>45662854</b>	<b>19903697</b>	<b>989996745</b>	<b>771967456</b>
Unallocated Corporate and other liabilities					94044915	47057395
<b>Total Liabilities</b>					<b>1083041660</b>	<b>819024851</b>
Depreciation	484992	394596	219453	207477	704445	602073
Non Cash Expenses other than Depreciation						
Capital Expenditure					958119	418568

- The operations of the Company are mainly carried out within the country and therefore, geographical segments are inapplicable.
- Disclosure regarding leases  
Expenses on operating leases of the premises for residential use of the employees amounting to Rs.2865578/- (Previous year Rs. 2375861/-) are included in Schedule 14- "Employees remuneration and benefits". Similarly, lease payments in respect of premises for offices are shown in Rent in Schedule 15- "Administration and Other Expenses". The significant leasing arrangements for such leases are entered into by the Holding Company i.e. NTPC Limited and are not non-cancelable.
- Earnings per share  
The elements considered for calculation of Earning per share (Basic) are as under:

	Current year	Previous Year
Net Profit/(Loss) after Tax used as numerator (Rupees)	495257740	190496719
Weighted average number of equity shares used as denominator	20000000	20000000
Earning/(Loss) per share (Rupees)	24.76	9.52
Face value per share (Rupees)	10	10

- In compliance of Accounting Standard -22 on "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the item wise details of Deferred tax liability (net) are as under:

(Rs.)

	31.03.2009	31.03.2008
Deferred Tax Liability		
i) Difference of book Depreciation and tax Depreciation	135636	270905
Less: Deferred Tax Assets		
i) Provisions Disallowed for Tax Purposes	NIL	292985
Deferred tax Liability (Net)	135636	48620

- The net increase in deferred tax liability of Rs.87016/- (previous year decrease Rs. 94129/-) has been debited to Profit & Loss Account.
- Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 480189/- (previous year Rs.65062/-).

## 14. Payment to the Statutory Auditors (Schedule 15)

(Rs.)

	Current Year	Previous Year
Audit Fees	40000	40000
Tax Audit Fees	9000	9000
Certification Fees	22500	22500
Reimbursements		
-Traveling Expenses	NIL	NIL
-Service Tax	7898	8848
	79328	80348

## 15. Licensed and Installed Capacities:

- a) Licensed Capacity - Not Applicable  
b) Installed Capacity - Not Applicable.

## 16. Quantitative information:

Current Year Previous Year

a) Trading of energy (in MUs)		
Direct	2543	1358
Under Swap Arrangements	2288	1966
b) Trading of Fly Ash / ash products (MT)		
Fly Ash (export)	45356	16783
Fly Ash (domestic)	589412	9061
Cenosphere	432	480

## 17. Expenditure in foreign currency (Rs.)

- a) Training & recruitment expenses 63493 NIL  
b) Traveling Expenses 246870 70098

## 18. Previous year figures have been regrouped/ rearranged wherever necessary.

## 19. Information pursuant to Part IV of Schedule VI of the Companies Act, 1956.

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

## I. Registration Detail

State Code: 055

Registration No. U40108DL2002GO1117584

Balance Sheet Date 31 03 2009

## II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	Right issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

## III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liability	Total Assets
1878572	1878572

## Source of Funds

Paid up Capital	Reserves & Surplus
200000	595530

Secured Loans	Unsecured Loans
NIL	NIL

Deferred Tax Liabilities	
136	

## Application of Funds

Net Fixed Assets	Investment
1774	NIL

Net Current assets	Misc. Expenditure
793892	NIL

Accumulated Losses	
NIL	

## IV. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
19273898	19043413

Profit/Loss before Tax	Profit After Tax
752385	495258

Earning per Share in Rs.	Dividend Rate (%)
24.76	50

## V. Generic name of three Principal Products/Services of Company (As per monetary terms)

Product Description: Item Code No.

1. TRADING OF ELECTRIC POWER NA  
2. TRADING OF FLY ASH AND ASH BASED PRODUCTS NA

For and on behalf of the Board of Directors

As per our Report of even date

For Rohtas &amp; Hans.

Chartered Accountants

(Hans Kumar Jain)

(Nitin Mehra)

(A.K.Singhal)

(R.S. Sharma)

Partner

Company Secretary

Director

Chairman

M.No. 82912

Place : New Delhi

Dated: 13<sup>th</sup> May, 2009CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009

(Rs.)

	Current Year	Previous Year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and Prior Period Adjustments	755166366	289833263
Adjustment for:		
Depreciation	704445	602073
Interest charges	1871068	521834
Interest income	(156447261)	(189317510)
Prior period adjustment (Net)	(2781320)	-
Loss on sale of Assets	-	33157
	(156653068)	(188160446)
<b>Operating Profit before Working Capital Changes</b>	598513298	101672817
Adjustment for:		
Trade and other receivables	(354260411)	12372138
Inventories	(73925)	3005417
Trade payable and other liabilities	217138615	176922065
Loans and Advances	2966500	(3966500)
	(134229221)	188333120
<b>Cash generated from operations</b>	464284077	290005937
Direct taxes paid	(227262699)	(57880782)
Refund of earlier years from I.Tax Department	-	546480
<b>Net Cash from Operating Activities-A</b>	237021378	232671635
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(990466)	(498004)
Disposal of fixed assets	32347	46279
Interest on Investments	-	-
Received	141357382	172196859
Income Tax on Interest on Investments	(34030145)	(42813906)
<b>Net Cash used in Investing Activities -B</b>	106369118	128931228
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from short term borrowings	-	(50806664)
Dividend paid	(60000000)	(20000000)
Tax on dividend	(10197000)	(3399000)
<b>Net Cash flow from Financing Activities-C</b>	(70197000)	(74205664)
<b>Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)</b>	273193496	287397199
<b>Cash and Cash equivalents (Opening balance)*</b>	943297906	655900707
<b>Cash and Cash equivalents (Closing balance)*</b>	1216491402	943297906

\*NOTE: Cash and Cash Equivalents consist of Cash in Hand &amp; Balance with Banks.

For and on behalf of the Board of Directors

As per our Report of even date

For Rohtas &amp; Hans.

Chartered Accountants

(Hans Kumar Jain)

(Nitin Mehra)

(A.K.Singhal)

(R.S. Sharma)

Partner

Company Secretary

Director

Chairman

M.No. 82912

Place : New Delhi

Dated: 13<sup>th</sup> May, 2009



**AUDITORS' REPORT**

To the Members of

**NTPC VIDYUT VYAPAR NIGAM LIMITED**

1. We have audited the attached Balance Sheet of **NTPC VIDYUT VYAPAR NIGAM LIMITED** as at 31<sup>st</sup> March 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used & significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e. Being a Government Company, pursuant to the Notification no. GSR 829 (E) dated 21.10.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the Company;
  - f. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting Policies and Notes thereon in Schedule 18, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. in the case of Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2009,
    - ii. in the case of Profit and Loss Account, of the profit for the year ended on that date, and
    - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Rohtas & Hans  
Chartered Accountants  
(Hans Kumar Jain)  
Partner  
M.No. 82912

Place : New Delhi  
Dated : 13.05.2009

**ANNEXURE TO THE AUDITOR'S REPORT**

Statement referred to in paragraph (3) of our report of even date to the members of NTPC VIDYUT VYAPAR NIGAM LIMITED on the accounts for the year ended 31<sup>st</sup> March 2009.

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Physical verification of fixed assets has been carried out by an internal committee, appointed for the purpose, which in our opinion is considered reasonable having regard to the size and nature of its assets. No material discrepancies were noticed on such verification.
- (c) Substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The inventory has been physically verified by the management at reasonable intervals.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of inventories.

- (iii) (a) The Company has not granted any loans, secured or unsecured to any company, firm or other party covered in the register maintained under section 301 of the Companies Act, 1956.  
In view of clause (iii) (a) above, the clause (iii) (b), (iii) (c) and (iii) (d) are not applicable.
- (e) The Company has not taken any loans, secured or unsecured from any company, firm or other party covered in the register maintained under section 301 of the Companies Act, 1956.  
In view of the clause (iii) (e) above, the clause (iii) (f) and (iii) (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for purchase of fixed assets and for sale of goods. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- (v) (a) According to the information and explanation given to us, during the year under audit there have been no contracts or arrangements which need to be entered into the register maintained under section 301 of the companies Act, 1956.  
(b) In view of clause (v) (a) above, the clause (v) (b) is not applicable.
- (vi) The Company has not accepted deposits from the public.
- (vii) In our opinion the Company has an Internal Audit system commensurate with the size of the company and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the companies Act, 1956.
- (ix) (a) The employees of NVVN are on secondment basis from its holding company i.e. NTPC Ltd. The holding company is regular in depositing undisputed statutory dues including dues like Provident Fund, Income Tax, Sales Tax and Service Tax etc. with appropriate authorities. According to the information and explanations given to us, there are no undisputed Provident Fund, Income Tax, Sales Tax and Service Tax etc. in arrear as at 31.03.2009 for a period of more than six month from the date they became payable.  
(b) In view of clause (ix) (a) above, the clause (ix) (b) is not applicable.
- (x) The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debentures holders.
- (xii) According to the information and explanations given to us, company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares during the year.
- (xix) According to the information and explanations given to us, during the year covered by our audit report the company has not raised any money through issuance of Bonds so, their is no requirement of creation of security.
- (xx) According to the information and explanations given to us, the company has not raised any money by public issue during the year covered by the audit.
- (xxi) According to the information and explanations given to us, no fraud has been committed to or by the company during the year.

For Rohtas & Hans  
Chartered Accountants  
(Hans Kumar Jain)  
Partner  
M.No. 82912

Place : New Delhi  
Dated : 13.05.2009



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF NTPC VIDYUT VYAPAR NIGAM LIMITED, NEW DELHI FOR THE YEAR ENDED, 31 MARCH, 2009**

The preparation of financial statements of NTPC Vidyut Vyapar Nigam Limited, New Delhi, for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditors General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 13 May 2009.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of NTPC Vidyut Vyapar Nigam Limited, New Delhi for the year ended 31 March 2009. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on behalf of the  
Comptroller & Auditor General of India

(Ghazala Meenai)

Principal Director of Commercial Audit and  
Ex-officio Member Audit Board-III,  
New Delhi

Place: New Delhi  
Dated: 11 June, 2009

**PIPAVAY POWER DEVELOPMENT COMPANY LIMITED**  
(A wholly owned subsidiary of NTPC Limited)

**DIRECTORS' REPORT**

To,  
The Members,

Your Directors have pleasure in presenting their 8th Annual Report on the performance of the Company for the financial year ended 31st March, 2009 of the Company together with Audited Accounts and the Auditors' Report thereon.

**OPERATIONAL REVIEW**

Pipavay Power Development Company Limited (PPDCL) was incorporated on 20th December, 2001 as a wholly owned subsidiary of NTPC Limited (NTPC) under the Presidential Directive with a view to develop infrastructure of Pipavay Power Project in the State of Gujarat. NTPC also paid a sum of Rs. 6.05 crore to Gujarat Power Corporation Limited (GPCL) for acquisition of required land for the project. Subsequently with a view to develop Pipavay Power Project through a 50:50 equity participation by NTPC and GPCL under Joint Venture, a Memorandum of Understanding (MOU) was signed by NTPC with GPCL and Gujarat Electricity Board on 20th February 2004.

Subsequently, Ministry of Power, Govt. of India conveyed the approval of competent authority to allow NTPC Limited to dissociate from Pipavay Power Project (1000MW) in view of Government of Gujarat's decision to develop the project with another strategic partner.

Accordingly process was started for settlement of dues of NTPC with GPCL/Government of Gujarat and all the claims with GPCL/Government of Gujarat have been amicably settled between NTPC and GPCL except a nominal claim of approximately Rs. 21 Lac being the amount of interest.

In line with the DPE guidelines, NTPC had also approached Ministry of Power, Govt. of India for its approval for winding up of the Company. Ministry of Power, Govt. of India had issued a Presidential Directive dated July 3, 2009 to NTPC conveying the approval of Government to permit NTPC for winding up of the Company pending final settlement of claims with Gujarat Power Corporation Limited/Government of Gujarat. Now, the process for winding up of the Company is being initiated.

**FINANCIAL REVIEW**

During the year Company has incurred a loss of Rs. 21,795/- as against loss of Rs. 26,135/- incurred last year. The loss was incurred on account of various charges like filing fees, professional fees, secretarial audit fees and other petty expenses.

**FIXED DEPOSITS**

The Company has not accepted any fixed deposit during the financial year ending 31st March, 2009.

**AUDITORS' REPORT**

The Comptroller and Auditor General of India (C&AG) has appointed M/s. K.K. Jain & Company, Chartered Accountants as Statutory Auditor of the Company for the financial year 2008-09. There are no adverse comments, observation or reservation in the auditor's report on the accounts of the Company.

**COMPTROLLER & AUDITOR GENERAL REVIEW**

The Comptroller and Auditor General of India (C&AG) vide letter dated 27th May, 2009 has conveyed its decision not to review the report of the statutory auditors' on the accounts of the Company for the year ended 31st March, 2009 and as such has no comments to make under section 619(4) of the Companies Act, 1956. As advised by C&AG, review report of C&AG and comments if any, along with management replies thereto are to be placed with report of Statutory Auditors. Accordingly, letter of NIL comments received from C&AG is placed with report of Statutory Auditors.

**SECRETARIAL COMPLIANCE REPORT**

The Company appointed M/s. A. Kaushal & Associates, Company Secretaries for Secretarial Audit and for obtaining the Certificate of compliance under Section 383A(1) of the Companies Act, 1956 for the financial year 2008-09. The Compliance Certificate is attached as Annexure-I.

**PARTICULARS OF EMPLOYEES**

Since, the Company has no employee, the particulars prescribed under section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO**

Since no activity was carried out by the Company during the year there is no significant particular with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo which require disclosure under clause (e) of sub-section (1) of section 217 of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

**DIRECTORS RESPONSIBILITY STATEMENT**

As required under Section 217(2AA) of the Companies Act, 1956 your Directors confirm that:

- i) In the preparation of the Annual Accounts for the financial year ended 31st March, 2009, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- ii) The Directors had selected such accounting policies and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on 31st March, 2009 and of the loss of the company for that period;
- iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv) The Directors had prepared the annual accounts on going concern basis.

**BOARD OF DIRECTORS**

During the year Shri N. K. Sharma has been appointed as Director of the Company and Shri J. Jha had ceased to be director of the Company w.e.f. 1st January, 2009.

The Board of Directors place on record deep appreciation for valuable contribution made by Shri J. Jha.

Pursuant to the provisions of section 256 of the Companies Act, 1956, Shri D. K. Jain shall retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

**ACKNOWLEDGEMENT:**

The Board of Directors wish to place on record its appreciation for the support and co-operation extended by the Union Ministry of Power, NTPC Ltd., Gujarat Power Corporation Ltd., Gujarat State Electricity Corporation and other agencies of Govt. of India/Govt. of Gujarat, Auditors and the Bankers of the company.

For and on behalf of the Board of Directors

Place: New Delhi  
Dated: 22nd July, 2009

(R.S. Sharma)  
Chairman



**COMPLIANCE CERTIFICATE**  
CIN: U40105DL2001GO113508  
Authorise Capital: Rs. 10,00,00,000/-

**Annexure-I**

To  
The Members

**PIPAVAY POWER DEVELOPMENT COMPANY LIMITED**

NTPC Bhawan, Core-7, Scope Complex,  
7, Institutional Area, Lodhi Road,  
New Delhi - 110 003.

I have examined the registers, records, books and papers of **PIPAVAY POWER DEVELOPMENT COMPANY LIMITED** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended 31st March, 2009 (the financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I hereby certify that:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns on the dates as stated in **Annexure 'B'** to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities generally within the time limit prescribed under the Act and the rules made thereunder.
3. The Company being a public limited Company has the minimum prescribed paid-up capital.
4. The Board of Directors duly met 4 (Four) times on 21st May, 2008, 10th July, 2008, 16th December, 2008 & 16th March, 2009 in respect of which meetings proper notices were given and the proceedings were duly recorded and signed in minutes books maintained for the purpose.
5. The Company was not required to close its Register of Member during the financial year.
6. The Annual General Meeting for the financial year ended 31st March, 2008 was held on 10th July, 2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meetings was held during the financial year.
8. As explained to me, the Company has not advanced any loan to its directors or persons or firms or companies referred in the section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As explained to me, there were no instances falling within the purview of Section 314 of the Act and as such the Company was not required to obtain any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificate during the financial year.
13. The Company:
  - (i) has not made allotment / transmission of securities during the financial year. However, Company has delivered all certificates on lodgment thereof for transfer in accordance with the provisions of the Act.
  - (ii) was not required to deposit any amount in a separate bank account, as no dividend was declared during the financial year.
  - (iii) was not required to post warrant to any member of the Company, as no dividend was declared during the financial year.
  - (iv) was not required to transfer any amount in Investor Education & Protection Fund, as there is no unpaid dividend, application money due for the refund, matured deposits, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for a period of seven years.
  - (v) has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of Additional Director or Alternate Director or Director to fill Casual

Vacancy during the financial year. However, Company has appointed Mr. Ram Sharan Sharma and Mr. Nand Kishore Sharma as Nominee Directors during the financial year.

15. The Company has not appointed Managing Director / Whole time director during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other Firms / Companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued equity shares during the financial year.
20. The Company has not bought back any shares during the financial year.
21. As the Company has not issued any preference shares or debentures, there was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited any public deposits including unsecured loans falling within the purview of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the financial year.
24. The Company has not made any borrowing during the financial year.
25. The Company has not made investments in other body corporate and has not given any guarantees or provided securities to other body corporate during the financial year.
26. The Company has not altered the provisions of the Memorandum of Association with respect to Situation of the Registered Office of the Company from one state to another during the financial year.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the Objects of the Company during the financial year.
28. The Company has not altered the provisions of the Memorandum of Association with respect to Name of the Company during the financial year.
29. The Company has not altered the provisions of the Memorandum of Association with respect to Share Capital of the Company during the financial year.
30. The Company has not altered its Articles of Association during the financial year.
31. As explained to me, there was no prosecution initiated against or show cause notices received by the Company during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted any Provident Fund Trust for its employees and as such the provisions of section 418 of the Act are not applicable.

For A. Kaushal & Associates  
Company Secretaries  
Amit Kaushal  
Proprietor  
C.P. NO. 6663

Place : New Delhi  
Dated: 13.05.2009

**ANNEXURE 'A'****Registers as maintained by the Company:**

S.No.	Name of Register(s)	Under Section
1.	Register of Members	150
2.	Register & Returns	163
3.	Minutes Books of General Meetings, Board Meetings	193
4.	Books of Accounts	209
5.	Register of particulars of contracts in which directors are interested	301
6.	Register of Directors, Managing Director, Manager, Secretary	303
7.	Register of Director's Shareholdings	307

## ANNEXURE 'B'

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or any other Authorities during the financial year ended 31st March, 2009.

S. No.	Forms & Returns	U/s	For	Filed on
1.	Form No. 23AC & Form No. 23ACA alongwith Notice of Annual General Meeting, Balance Sheet, Profit & Loss Account together with Auditors & Directors' Report thereon.	220	the financial year ended on 31st march, 2008	30.07.2008
2.	Form No. 20B along-with Annual Return as per Schedule V	159	the Annual General meeting held on 10th July, 2008.	07.08.2008
3.	Form No. 66	383A	the filing Compliance Certificate for the financial year ended on 31st March, 2008.	30.07.2008
4.	Form No. 32	303 (2)	the appointment of Mr. Nand Kishore Sharma as Nominee Director and cessation of Mr. Jibachh Jha, Nominee Director of the Company w.e.f. 01.01.2009.	09.01.2009
5.	Form No. 32	303 (2)	the appointment of Mr. Ram Sharan Sharma as Nominee Director and cessation of Mr. Thiagarajan Sankaralingam, Director and of the Company w.e.f. 01.05.2008 & 30.04.2008 respectively.	27.05.2008

**PIPAVAY POWER DEVELOPMENT COMPANY LIMITED**  
**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009**

	Schedule No.	31.03.2009	31.03.2008
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Capital	1	37,50,000	37,50,000
<b>APPLICATION OF FUNDS</b>			
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Cash and bank balances	2	13,068	35,151
Loans and advances		13,068	35,151
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
Liabilities	3	26,538	26,826
Net Current Assets		(13,470)	8,325
<b>Profit and Loss Account</b>			
<b>TOTAL</b>		<b>37,63,470</b>	<b>37,41,675</b>
Notes on Accounts	4	37,50,000	37,50,000

Schedules 1 to 4 form integral part of Annual Accounts  
For and on behalf of the Board of Directors  
(N.K. Sharma) (R.S. Sharma)  
Director Chairman

In terms of our report of even date  
For K.K. Jain & Co.  
Chartered Accountants  
(Simmi Jain)  
M.No. 86496  
Partner  
Place : New Delhi  
Dated : 13.05.2009

**PIPAVAY POWER DEVELOPMENT COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009**

	Current Year	Previous Year
<b>Income :</b>		
<b>Total</b>	-	-
<b>Expenditure :</b>		
Filing fees	3,100	3,142
Professional Fees	2,471	6,030
Secretarial Audit Fees	4,412	4,494
Audit fees	11,030	11,236
Miscellaneous Expenses	782	1,233
<b>Total</b>	<b>21,795</b>	<b>26,135</b>
Profit (Loss) before Tax	(21,795)	(26,135)
Balance brought forward	(37,41,675)	(37,15,540)
<b>Balance Carried to Balance Sheet</b>	<b>(37,63,470)</b>	<b>(37,41,675)</b>
Earning Per share		
(Equity Shares of Face Value of Rs.10/-each)		
- Basic and Diluted	(0.06)	(0.07)

For and on behalf of the Board of Directors

(N.K. Sharma) (R.S. Sharma)  
Director Chairman

In terms of our report of even date

For K.K. Jain & Co.  
Chartered Accountants

(Simmi Jain)  
M.No. 86496  
Partner

Place : New Delhi  
Dated : 13.05.2009

**SCHEDULES FORMING PART OF BALANCE SHEET**

	31.03.2009	31.03.2008
<b>SCHEDULE 1</b>		
<b>CAPITAL</b>		
<b>Authorised</b>		
1,00,00,000 Equity Shares of Rs.10/- each	10,00,00,000	10,00,00,000
<b>Issued Subscribed and Paid-up</b>		
3,75,000 equity shares (previous year)	37,50,000	37,50,000
3,75,000 equity shares) of Rs.10/- each held by the holding company, NTPC Limited, and its nominees.		

<b>SCHEDULE -2</b>		
<b>CASH &amp; BANK BALANCES :</b>		
Cash on hand	1,236	1,236
Balance with Scheduled Bank in Current Account	12,762	33,915
<b>TOTAL</b>	<b>13,068</b>	<b>35,151</b>

<b>SCHEDULE -3</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS :</b>		
Other Liabilities - For Services	26,538	26,826
<b>TOTAL</b>	<b>26,538</b>	<b>26,826</b>

**SCHEDULE 4**  
**Significant Accounting Policies:**  
1. The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

**Notes on Accounts:**

- Ministry of Power (MOP) has directed NTPC Limited to disassociate from the Pipavay Power Project in view of Government of Gujarat's (GOG) decision to develop the project with another strategic partner. Keeping in view the above, the Board of Directors of NTPC Limited have already given consent for winding up of the Company after due settlement of claims of PPDCL with GPCL/GOG. GPCL had paid a sum of Rs.10,90,32,603/- towards settlement of advance paid by NTPC Limited for acquisition of land for Pipavay Project including interest of Rs.4,85,32,603/- in the year 2007-08. The above amount of Rs.10,90,32,603/- was appropriately accounted for in the books of NTPC Ltd. Consequently, Rs. 6,05,00,000/- disclosed as advance to GPCL was credited by debit to amount payable to NTPC Limited in the books of Pipavay Power Development Company Limited in the financial year 2007-08.





Further, GPCL has paid a sum of Rs. 2,16,16,590/- including interest of Rs. 49,71,374/- to NTPC Limited towards settlement of expenses incurred on Pipavav Project during the financial year 2008-09. The said amount has been accounted for in the books of account of NTPC Limited.

## 2. Earning per Share :

The elements considered for calculation of Earning per Share (Basic and Diluted) are as under:

	Current Year	Previous Year
Net Profit before Tax used as numerator	(21,795)	(26,135)
Weighted Average number of Equity Shares used as denominator	3,75,000	3,70,191
Earning per Share - Basic and Diluted	(0.06)	(0.07)
Face value per share	10	10

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

### 1. Registration Detail

State Code : 055  
Registration No. U40105DL2001GO1113508

Balance Sheet Date

Date 31 Month 03 Year 2009

### 2. Capital Raised during the year (Amounts in Rs. Thousand)

Public Issue

NIL

Bonus Issue

NIL

Right issue

NIL

Private Placement

NIL

### 3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities

3777

Total Assets

3777

#### Source of Funds

Paid up Capital

3750

Reserve & Surplus

NIL

Secured Loans

NIL

Unsecured Loans

NIL

#### Application of Funds

Net Fixed Assets

NIL

Investments

NIL

Net Current assets

(-)13

Misc. Expenditure

NIL

Accumulated Losses

3763

### 4. Performance of Company (Amount in Rs. Thousand)

Turnover

NIL

Total Expenditure

22

Loss Before Tax

22

Loss After Tax

22

Earning Per Share in Rs.

(-)0.06

Dividend

NIL

### 5. Generic name of three principal products/services of Company

(As per monetary terms)

Item Code No.

(ITC Code)

Product Description

For and on behalf of the Board of Directors

(N.K. Sharma)

Director

(R.S. Sharma)

Chairman

In terms of our report of even date

For K.K. Jain & Co.  
Chartered Accountants

(Simmi Jain)  
M.No. 86496  
Partner

Place : New Delhi  
Dated : 13.05.2009

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

	Current Year	Previous Year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Operating Profit (Loss) before working capital changes	(21,795)	(26,135)
Adjustment for		
Sundry creditors	(288)	(6,04,98,028)
Loans & Advances	-	6,05,00,000
<b>Net Cash flow (outgo) from Operating Activities - A</b>	<b>(22,083)</b>	<b>(24,163)</b>
<b>B. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Issue of Share Capital		50,000
<b>Net Cash flow (outgo) from financing Activities - B</b>		<b>50,000</b>
<b>Net Increase (Decrease) in cash and cash equivalents (A+B)</b>	<b>(22,083)</b>	<b>25,837</b>
<b>Cash &amp; Cash equivalent (Opening Balance)</b>	<b>35,151</b>	<b>9,314</b>
<b>Cash &amp; Cash equivalent (Closing Balance)</b>	<b>13,068</b>	<b>35,151</b>

Note : Cash & Cash equivalent includes cash in hand and balance with banks

For and on behalf of the Board of Directors

(N.K. Sharma)  
Director

(R.S. Sharma)  
Chairman

In terms of our report of even date

For K.K. Jain & Co.  
Chartered Accountants

(Simmi Jain)  
M.No. 86496  
Partner

Place : New Delhi  
Dated : 13.05.2009

## Auditor's Report

To the Members of

### Pipavav Power Development Company Limited

We have audited the attached balance sheet of **Pipavav Power Development Company Limited, New Delhi** as at 31st March, 2009, the Profit & Loss Account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurances about whether the financial statements are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

- We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- The balance sheet, profit & loss account and cash flow statement dealt with by this report are in agreement with books of account;
- In our opinion, the balance sheet, profit & loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- Being a Government Company, clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not applicable to the company (Notification No. GSR 829 (E) dated 21.10.2003 issued by the Department of Company Affairs);
- Ministry of Power has directed National Thermal Power Corporation Ltd. to discontinue its involvement in the company in view of Government of Gujarat's decision to develop the project with another strategic partner. Hence the company is not a going concern;





vii) In our opinion and to the best of our information and according to the explanations given to us and subject to our comment in para (vi) above, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of balance sheet, of the state of affairs of the company as at 31st March, 2009;
- b) in the case of profit & loss account, of the loss for the year ended on that date; and
- c) in the case of cash flow statement, of the cash flows for the year ended on that date.

As required by the Companies (Auditors' Report) Order, 2003 (the Order) issued by the Central Government of India under sub-section (4A) of section 227 of the Companies Act, 1956, we further report in terms of matters specified in paragraphs 4 and 5 of the said Order that:

- i) Since the company has not commenced any business operations and is not having any fixed assets/stocks, clauses (i) & (ii) of the paragraph 4 of the Order are not applicable to the company;
- ii) Since the company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of Act, clause (iii) of the paragraph 4 of the Order is not applicable to the company;
- iii) Since there is no inventory, fixed assets and sale of goods, clause (iv) of the paragraph 4 of the Order is not applicable to the company;
- iv) According to the information given to us, there are no transactions that need to be entered in the register maintained u/s 301 of the Act, therefore, clause (v) of the paragraph 4 of the Order is not applicable to the company;
- v) According to the information and explanations given to us, the company has not accepted any deposits from public during the year, therefore, clause (vi) of the paragraph 4 of the Order is not applicable to the company;
- vi) Since the company is neither a listed company and/or having a paid up capital exceeding Rs.50 Lakhs as at the commencement of the financial year concerned nor having an average annual turnover exceeding five crore rupees for a period of three consecutive financial year immediately preceding the financial year concerned, clause (vii) of the paragraph 4 of the Order is not applicable to the company;
- vii) The Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the company, therefore, clause (viii) of the paragraph 4 of the Order is not applicable to the company;
- viii) According to the information and explanations given to us, since the company has not commenced any business operations, various provisions with regard to payments of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues are not applicable to company for the time being, therefore, clause (ix) of the paragraph 4 of the Order is not applicable to the company;
- ix) *The accumulated losses of the company are more than fifty percent of its net worth. The company has incurred cash losses during financial year covered by our audit and in the immediately preceding financial year;*
- x) As per the information and explanations given to us, clause (xi) of the paragraph 4 of the Order is not applicable to the company, since there is no dues payable by the company to a financial institutions or bank or debenture holders;
- xi) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities, therefore, clause (xii) of the paragraph 4 of the order is not applicable to the company;
- xii) Since the company is not a chit fund/nidhi/mutual benefit fund/society, clause (xiii) of the paragraph 4 of the order is not applicable to the company;
- xiii) Since the company is not dealing or trading in shares, securities, debentures and other investments, clause (xiv) of the paragraph 4 of the order is not applicable to the company;
- xiv) As per the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions, therefore, clause (xv) of the paragraph 4 of the order is not applicable to the company;
- xv) Since the company has not taken/raised any loans, clause (xvi) & (xvii) of the paragraph 4 of the order are not applicable to the company;

xvi) As per the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act;

xvii) Since the company has not issued any debentures, clause (xix) of the paragraph 4 of the order is not applicable to the company;

xviii) Since the company has not raised money by public issue, clause (xx) of the paragraph 4 of the order is not applicable to the company;

xix) As per information and explanations given to us, no frauds on or by the company has been noticed or reported during the course of our audit.

For K.K. Jain & Co.  
Chartered Accountants  
(Simmi Jain)  
Partner  
(M.No. 86496)

Place : New Delhi  
Dated : 13.05.2009

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF PIPAVAV POWER DEVELOPMENT COMPANY LIMITED, NEW DELHI FOR THE YEAR ENDED, 31 MARCH, 2009**

The preparation of financial statements of Pipavav Power Development Company Limited, New Delhi, for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditors General of India under Section 619(2) of the Companies Act, 1956, is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 13 May 2009.

I, on behalf of the Comptroller and Auditors General of India, have decided not to review the report of the statutory auditors' on the accounts of Pipavav Power Development Company Limited, New Delhi for the year ended 31 March 2009 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on behalf of the  
Comptroller & Auditor General of India  
(Ghazala Meenai)  
Principal Director of Commercial Audit and  
Ex-officio Member Audit Board-III,  
New Delhi

Place: New Delhi  
Dated: 27 May, 2009

**KANTI BIJLEE UTPADAN NIGAM LIMITED**  
(Formerly Vaishali Power Generating Company Limited)

**DIRECTORS' REPORT**

To  
The Members,

Your Directors have pleasure in presenting the Third Annual Report on the working of the Company together with Audited Accounts and Auditors' Report thereon for year ended on 31st March 2009.

**OPERATIONAL REVIEW**

Renovation & Modernization of Boiler, Turbine & Generator of the two units of Muzaffarpur Thermal Power Station will be taken by Bharat Heavy Electricals Limited. R&M of Balance of Plant (BOP) will be taken up directly by KBUNL. After restoration of Unit#2, your project has touched highest ever load of 102 MW on 6th November 2008. The total generation from Unit#2 during the financial year 2008-2009 was 225.59 MUs at a PLF of 23.41%. The energy sent out was 189 MUs during the financial year 2008-2009 in comparison to 21 MUs during the last financial year.

Unit#2 has generated 61.09 MUs at a PLF of 74.65% in May 2009 which was the highest ever generation in a month since 1st synchronization of Unit#2 in 1986.

Your Company has also taken up expansion of Muzaffarpur Thermal Power Station with the installation of 2X250 MW additional units. However, Airports Authority of India has restricted the chimney height to 146.5 mtr due to proximity of an air-strip near Muzaffarpur. Your Company has reconfigured the size of units of expansion plan to 2X195MW to meet the requirements of both AAI and MOEF. Feasibility Report for expansion of MTPS by 2X195 MW has been approved by your Board.

**FINANCIAL REVIEW**

During the financial year 2008-2009, your Company has incurred an expenditure of Rs. 27,866 which has been charged to the Profit and Loss Account. The Company has a loan liability of Rs. 305,714,286/- payable to NTPC which is secured by mortgage through deposit of title deed.



The Company has a net block comprising tangible and intangible assets of Rs. 994 million as at 31.03.2009. Out of Rs. 3500.00 million grant sanctioned by Government of India under Backward Region Grants Fund scheme (BRGF), Bharat Heavy Electricals Limited has been paid as an advance of Rs. 975.00 million and Rs. 150.00 million had been paid to your company.

The financial highlights of the Company for the year ended on 31st March 2009 are as under:-

(Rs. Million)		
Particulars	Fiscal 2009	Fiscal 2008
Paid-up Share Capital	1.00	1.00
Share Capital Deposit Pending Allotment	614.80	571.00
Reserve & Surplus	1124.88	1124.91
Secured Loans	320.69	200.00
Net Block	993.58	299.32
Capital Work in Progress	1294.91	1023.05
Construction Stores & Advances	534.42	628.35
Loss after Tax	0.03	0.05
Earning Per Share (Rs.)	(0.28)	(0.53)

#### AUDITORS' REPORT

The Comptroller & Auditor General of India vide letter dated 7th August 2008 has appointed M/s GRA & Associates, Chartered Accountants as Statutory Auditors of the Company for the financial year 2008-2009. The Statutory Auditors has submitted their report and there is no adverse comment or remark in their report.

#### COMPTROLLER & AUDITOR GENERAL REVIEW

As conveyed by Comptroller & Auditor General of India (C&AG) through their letter dated 01.07.2009, C&AG have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Kanti Bijlee Utpadan Nigam Limited, New Delhi, for the year ended 31 March 2009. On the basis of audit nothing significant has come to knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619 (4) of the Companies Act, 1956 by C&AG.

As advised by the office of the C&AG, the NIL comments of C&AG on the accounts of the Company for the year 2008-2009 are being placed with the report of the Statutory Auditors of your Company.

#### FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March 2009.

#### PARTICULARS OF EMPLOYEES

The particulars of employees as prescribed under Sec. 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are at Annex-1.

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

Your Company has taken the following steps for energy conservation.

- (i) Street Lights are switched on & off timely
- (ii) CFL's & 36 watts lamps are used in public buildings
- (iii) LEDs have been used in HT Switch gear panels.

During the period under review, the Company had no earning or outgo in foreign exchange.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- i) in the preparation of the annual accounts for the Financial Year ending on 31st March 2009, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of Financial Year 2008-2009 and of the loss of the company for the said period;
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv) the Directors had prepared the annual accounts for the Financial Year ending on 31st March 2009, on going concern basis.

#### BOARD OF DIRECTORS

As per the provisions of the Companies Act, 1956, Shri A.K. Singhal and Shri Raghubans Kumar Sharma, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

#### ACKNOWLEDGEMENT

The Board of Directors wishes to place on record its appreciation for the support and co-operation extended by Ministry of Power/ Government of India, Government of Bihar, Holding Company i.e. NTPC Ltd., Bihar State Electricity Board, Auditors and the Bankers of the Company.

For and on behalf of the Board of Directors

Place: New Delhi  
Dated: 13.07.2009

(R.S. Sharma)  
Chairman

#### ANNEXURE-I

##### PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956

Name	Designation and Nature of duties	Remuneration (In Rs.)	Qualification	Date of commencement of employment	Exp. (yrs.)	Age (yrs.)	Last employment held	Remarks
1.	2.	3.	4.	5.	6.	7.	8.	

##### Employed for whole of the Year

##### NIL

Name	Designation and Nature of duties	Remuneration (In Rs.)	Qualification	Date of commencement of employment	Exp. (yrs.)	Age (yrs.)	Last employment held	Remarks
1.	2.	3.	4.	5.	6.	7.	8.	

##### Employed for the part of the Year

Chakraborty Pradip Kumar Singh Shreerthwas	CEO, KBUNL Dy. Manager (Chemistry)	1600118.00 930771.00	B.Tech A. I. C.	08.05.1982 24.11.1987	27 21	60 60	- -	Retired Retired
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#### Notes:

- 1 Persons named above are/ were employees of the Company.
- 2 Remuneration includes salary, allowances, leave encashment, leave travel concession, payment for subsidized leased accommodation, reimbursement of medical expenses to employees and employer's contribution to Provident Fund and other funds. However, it does not include the monetary value of the medical treatment provided in the Company's dispensaries/hospitals at Project sites, since it can not be quantified employees-wise. In addition, the employees are entitled to gratuity/group insurance in accordance with Company's Rules.
- 3 None of the employees listed above is related to any director of the company.
- 4 Remuneration mentioned above is inclusive of retirement /separation benefits paid during the year and is not indicative of any regular remuneration structure of employees of the Company

For and on behalf of the Board of Directors

(R.S. Sharma)  
Chairman

Place: New Delhi  
Dated: 13.07.2009

#### KANTI BIJLEE UTPADAN NIGAM LIMITED

(formerly Vaishali Power Generating Company Limited)

#### ACCOUNTING POLICIES

##### 1. BASIS OF PREPARATION

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

##### 2. GRANTS-IN-AID

Grants-in-aid received from the Central Government or other authorities toward capital expenditure are treated initially as capital reserve and subsequently adjusted as income in the same proportion as the depreciations written off on the assets acquired out of the grants.

##### 3. FIXED ASSETS

- 3.1 Fixed Assets are shown at historical costs.
- 3.2 Expenditure on renovation and modernization of fixed assets resulting in increased life and / or efficiency of an existing asset is adjusted in the cost of related assets.
- 3.3 Intangible assets are recorded at their cost of acquisition.
- 3.4 In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.

**4. CAPITAL WORK-IN-PROGRESS**

- 4.1 In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital Work-in-Progress.
- 4.2 Expenditure During Construction (net) is apportioned to Capital Work-in-Progress on the basis of accretions thereto.

**5. BORROWING COSTS**

Borrowing costs attributable to the fixed assets during their construction/ renovation and modernization are capitalized. Such borrowing costs are apportioned on the average balance of capital work-in-progress for the year. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**6. INVENTORIES**

- 6.1 Inventories are valued at the lower of cost, determined on weighted average basis and net realizable value.
- 6.2 Diminution in value of obsolete and unserviceable stores and spares is ascertained on review and provided for.

**7. EXPENDITURE**

- 7.1.1 Depreciation is charged on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 except for the following assets in respect of which depreciation is charged at the rates mentioned below:

a) Computers, laptops and peripherals	19.00 %
b) Photocopiers and Fax Machines	19.00 %
c) Air conditioners, Water coolers and Refrigerators	08.00 %

- 7.1.2 Depreciation on additions to / deductions from fixed assets during the year is charged on pro-rata basis from / up to the month in which the asset is available for use / disposal.
- 7.1.3 Assets costing upto Rs.5000/- are fully depreciated in the year of acquisition.
- 7.1.4 Where the cost of an asset has undergone change due to renovation & modernization, the residual useful life ascertained by technical assessment and unamortized depreciable amount is depreciated prospectively.
- 7.1.5 Cost of software recognized as intangible asset, is amortized on straight line method over a period of legal right to use or 3 years, whichever is earlier.
- 7.1.6 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is charged prospectively over the residual life determined on the basis of the rate of depreciation.
- 7.1.7 Where the life and/or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along with its amortized depreciable amount is charged prospectively over the revised useful life determined by technical assessment.
- 7.1.8 Expenses on ex-gratia payments under voluntary retirement scheme, training and recruitment and research and development are charged to revenue in the year of incurrence.
- 7.1.9 Prepaid expenses and prior period expenses / income of items of Rs.100,000/- and below are charged to natural heads of accounts.
- 7.1.10 The liabilities towards employee benefits (except for BSEB and 9 specified employees) in respect of gratuity, leave encashment, post retirement medical benefits, transfer traveling allowance on retirement/death, long service awards to employee, farewell gift on retirement and economic rehabilitation scheme are ascertained annually by the Holding Company i.e. NTPC Ltd on actuarial valuation at the year end. The company provides for such employee benefits as apportioned by the Holding Company.

**8. PROVISIONS AND CONTINGENT LIABILITIES**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. Contingent liabilities are disclosed on the basis of judgment of the management/ independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

**9. CASH FLOW STATEMENT**

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statements'.

**KANTI BIJLEE UTPADAN NIGAM LIMITED**  
(formerly Vaishali Power Generating Company Limited)  
**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009**

(Amount Rs.)

	Schedule No.	As at 31.03.2009	As at 31.03.2008
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Capital	1	1000000	1000000
Share Capital Deposit pending Allotment		614800000	571000000
Reserve & Surplus	2	1124879284	1124907150
		<u>1740679284</u>	<u>1696907150</u>
<b>LOAN FUNDS</b>			
Secured Loan	3	320686286	200000000
<b>TOTAL</b>		<u>2061365570</u>	<u>1896907150</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	323301752	317206210
Less: Depreciation		29726171	17883361
Net Block		<u>293575581</u>	<u>299322849</u>
Capital Work-in-Progress	5	1294909252	1023046674
Construction Stores and Advances	6	534419720	628354907
		<u>2122904553</u>	<u>1950724430</u>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	163788953	140597494
Other Current Assets	8	317331	-
Sundry debtors	9	41743349	153262419
Cash & Bank Balances	10	4917458	1331083
Loans and Advances	11	126716531	56535345
		<u>381740681</u>	<u>351726341</u>
<b>LESS: CURRENT LIABILITIES</b>			
Liabilities	12	427630245	398037714
Provisions	13	15649420	7505907
		<u>443279665</u>	<u>405543621</u>
Net Current Assets		<u>(61538983)</u>	<u>(53817260)</u>
<b>TOTAL</b>		<u>2061365570</u>	<u>1896907150</u>
Notes on Accounts	19		

Schedule 1 to 19 and accounting policies form part of accounts.

As per our report of even date

For and on behalf of Board of Directors

**For GRA & Associates**  
**Chartered Accountants**

(Rohit Gupta)  
Partner

(Ruchi Aggarwal)  
Company Secretary

(A.K.Singhal)  
Director

(R.S. Sharma)  
Chairman

M.No. 91710

Place : New Delhi

Dated: 13<sup>th</sup> MAY 2009





**KANTI BIJLEE UTPADAN NIGAM LIMITED**  
(formerly Vaishali Power Generating Company Limited)  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009**

	Schedule No.	For the period 01.04.2008 to 31.03.2009	Amount (Rs.) For the period 01.04.2007 to 31.03.2008
<b>INCOME</b>			
Other Income	14	-	-
<b>Total</b>		-	-
<b>EXPENDITURE</b>			
Employees' Remuneration and Benefits	15	-	-
Administrative & Other Expenses	16	27,866	53350
Depreciation		-	-
Interest and Finance Charges	17	-	-
<b>Total</b>		27,866	53,350
<b>Profit/(Loss) before Tax</b>		(27,866)	(53,350)
<b>Provisions:</b>			
Fringe Benefit Tax		1189107	804511
Less: Transferred to EDC		1189107	804511
<b>Provisions for Tax (Net)</b>		-	-
<b>Profit/ (Loss) after Tax</b>		(27,866)	(53,350)
<b>Balance Carried to Balance Sheet</b>		(27,866)	(53,350)
<b>Expenditure During Construction</b>	18	-	-
Earning Per Share			
(Equity Shares, Face Value Rs 10/- each)			
Basic		(0.28)	(0.53)
Diluted (Earning is less than paise one)		-	-
Notes on Accounts	19	-	-

Schedule 1 to 19 and accounting policies form part of accounts.  
As per our report of even date For and on behalf of Board of Directors

**For GRA & Associates**

**Chartered Accountants**

(Rohit Gupta)

Partner

M.No. 91710

Place : New Delhi

Dated: 13<sup>th</sup> MAY 2009

(Ruchi Aggarwal)  
Company Secretary

(A.K.Singhal)  
Director

(R.S. Sharma)  
Chairman

**SCHEDULE 1**

**CAPITAL**

**AUTHORISED**

1000,000,000 equity shares of Rs 10/- each  
(Previous year 1000,000,000 equity shares of Rs 10/- each)

**ISSUED, SUBSCRIBED AND PAID UP**

1,00,000 equity shares of  
Rs 10/- each fully paid up  
(Previous year 100,000 equity shares of  
Rs 10/- each fully paid up)

**Total**

**SCHEDULE 2**

**RESERVES AND SURPLUSES**

Capital Reserve

Opening Balance

(Grants-in-aid from Govt of India)

Add: Received during the year

Closing Balance

Profit/(Loss) from Profit & Loss Account

**Total**

**SCHEDULE 3**

**SECURED LOANS**

Cash credit from bank

(Secured against inventory and

Trade Debtors acquired from

cash credit loan.)

Loan from Holding Company NTPC Ltd

(Secured by equitable mortgage  
through deposit of title deed.)

**Total**

Amount (Rs.)

	As At 31.03.2009	As At 31.03.2008
<b>AUTHORISED</b>		
1000,000,000 equity shares of Rs 10/- each (Previous year 1000,000,000 equity shares of Rs 10/- each)	1,000,000,000	1,000,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
1,00,000 equity shares of Rs 10/- each fully paid up (Previous year 100,000 equity shares of Rs 10/- each fully paid up)	1,000,000	1,000,000
<b>Total</b>	1,000,000	1,000,000
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUSES</b>		
Capital Reserve		
Opening Balance		
(Grants-in-aid from Govt of India)	1,124,907,150	974,960,500
Add: Received during the year	-	150,000,000
Closing Balance	1,124,907,150	1,124,960,500
Profit/(Loss) from Profit & Loss Account	(27,866)	(53,350)
<b>Total</b>	1,124,879,284	1,124,907,150
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
Cash credit from bank	14,972,000	-
(Secured against inventory and Trade Debtors acquired from cash credit loan.)		
Loan from Holding Company NTPC Ltd	305,714,286	200,000,000
(Secured by equitable mortgage through deposit of title deed.)		
<b>Total</b>	320,686,286	200,000,000

**SCHEDULE 4**

**FIXED ASSETS**

A/C Code Description	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 1.04.2008	Additions	Adjustments	As at 31.03.2009	As at 1.04.2008	During the Period	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
<b>TANGIBLE ASSETS</b>									
Buildings	308189733	-	-	308189733	16298100	10293537	26591637	281598096	291891633
Plant & Machinery	412907	357478	-	770385	34783	34564	69347	701038	378124
Construction Equipment	-	1832516	-	1832516	-	120900	120900	1711616	-
Furniture Fixture & Other Office equipment	5565981	1578884	-	7144865	1008277	515014	1523291	5621574	4557704
EDP and WP Machine	2239843	2003320	-	4243163	382110	639676	1021786	3221377	1857733
Vehicles	280545	-	-	280545	45160	26652	71812	208733	235385
<b>INTANGIBLE ASSETS</b>									
Software	517201	323344	-	840545	114931	212467	327398	513147	402270
<b>Total</b>	317206210	6095542	-	323301752	17883361	11842810	29726171	293575581	299322849
Previous Year	312478221	4727989	-	317206210	6239990	11643371	17883361	299322849	306,238,231

Depreciation for the year is allocated as given below:-

	Current Year	Previous Year
Charged to Profit and Loss Account	-	-
Less: Depreciation transferred to EDC-Sch 17	11,842,810	11,643,371

**SCHEDULE 5**

**CAPITAL WORK-IN-PROGRESS**

Description	Opening Balance	Additions	Adjustments	Capitalised during the year	As at 31.03.2009
Buildings	-	1,159,118	-	-	1,159,118
Plant & Machinery	782073694	140751153	-	-	922824847
<b>Expenditure Pending Allocation</b>					
Survey & Investigation (Stage II-250MW*2)	-	5107976	-	-	5107976
Pre-commissioning expenses (net)	(90893713)	(168172154)	-	-	(259065867)
Expenditure During Construction	331866694	293016484	-	-	624883178
<b>Total</b>	1023046675	271862577	-	-	1294909252
Previous Year	540,592,148	484842077	2387551	-	1023046674



**SCHEDULE 6**  
**CONSTRUCTION STORES AND ADVANCES**
**ADVANCE FOR CAPITAL EXPENDITURE**

	As At 31.03.2009	Amount (Rs.) As At 31.03.2008
Unsecured, considered good		375,000,000
Covered by Bank Guarantee		253,354,907
Others	534,419,720	
<b>Total</b>	<b>534,419,720</b>	<b>628,354,907</b>

**SCHEDULE 7**  
**INVENTORIES**

(Valued as per Accounting Policy No.6)

Fuel	29,432,497	25,694,543
Components and Spares	133,451,220	112,261,223
Chemical & Consumables	1,451,758	2,641,728
<b>Total</b>	<b>164,335,475</b>	<b>140,597,494</b>
Less : Provisions for Obsolescence Store	546,522	-
	<b>163,788,953</b>	<b>140,597,494</b>

**SCHEDULE 8**  
**OTHER CURRENT ASSETS**

Interest accrued on Term Deposits	317,331	-
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**SCHEDULE 9**  
**SUNDRY DEBTORS**

Debtors for sale of energy due for less than six months

	41,743,349	153,262,419
<b>Total</b>	<b>41,743,349</b>	<b>153,262,419</b>

**SCHEDULE 10**  
**CASH & BANK BALANCES**

Balances with Scheduled Banks		
Term Deposit	36,500,000	-
Current Account	12,674,518	1,331,083
<b>Total</b>	<b>49,174,518</b>	<b>1,331,083</b>

**SCHEDULE 11**  
**LOANS AND ADVANCES**

(Considered good, unless otherwise stated)

Loans		
Employees		
Secured	22,346,906	20,320,708
Unsecured	1,692,946	662,992
Advances		
Employees	37,266,481	8,911,999
Contractors & Suppliers including material issued on loan	56,361,396	26,614,246
Deposits		
Advance Tax (TDS)	82,334	-
Deposits with others	8,966,468	25,400
<b>Total</b>	<b>126,716,531</b>	<b>56,535,345</b>

**SCHEDULE 12**  
**CURRENT LIABILITIES**

Sundry Creditors		
For Capital expenditure		
Other than Micro & Small Enterprises	274,350,217	294,863,974
For goods and services		
Other than Micro & Small Enterprises	55,726,034	24,912,116
Deposits, Retention money from contractors and others	9,586,050	4,244,599
Less: Investments held as security	1,143,412	100,000
	<b>338,518,889</b>	<b>323,980,689</b>
Other liabilities	936,962	5,477,511
Amount payable to Holding Company	88,174,394	68,639,515
<b>Total</b>	<b>427,630,245</b>	<b>398,037,715</b>

**SCHEDULE 13**  
**PROVISIONS**

Fringe Benefit Tax		
Opening Balance	81,672	204,264
Additions during the year	1,290,797	804,511
Less: advance tax deposited	1,270,779	927,103
Closing Balance (Fringe Benefit Tax)	101,690	81,672
Employee Benefits		
Opening Balance	7,424,235	2,926,557
Additions during the year	11,212,265	7,721,926
Amount used during the year	3,088,770	3,224,248
Closing Balance (Employee Benefit)	15,547,730	7,424,235
<b>Total</b>	<b>15,649,420</b>	<b>7,505,907</b>

**SCHEDULE 14**  
**OTHER INCOME**

Interest from bank (Gross) (Tax Deducted at Source Rs.82334, Previous Year Rs.0)

Misc. income

Recoveries of Rent & Electricity

Other Receipts

Transferred to Expenditure During Construction - Schedule 18

<b>Total</b>	-	-
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**SCHEDULE 15**
**EMPLOYEES' REMUNERATION AND BENEFITS**

Salaries, wages, bonus, allowances & benefits	110,026,911	81,865,692
Contribution to provident fund and other funds	12,283,672	7,762,970
Welfare expenses	13,387,581	11,182,445
	<b>135,698,164</b>	<b>100,811,107</b>

Transferred to Expenditure During Construction - Schedule 18

<b>Total</b>	-	-
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**SCHEDULE 16**
**ADMINISTRATION & OTHER EXPENSES**

Power Charges	-	-
Repair & Maintenance		
Buildings	4,140,738	19,893,758
P&M-power station	54,568,044	110,072,201
Others	1,131,042	4,121,628
Chemicals & Consumables	3,362,866	-
Training & Recruitment	27,866	53,350
Legal Expenses	100	4,108,849
Profession Charges and Consultancy Fees	3,290,912	2,128,680
Communication Expenses	1,717,402	1,307,946
Travelling Expenses	6,166,863	6,045,713
Tender Expenses	747,449	2,200
Auditors Remuneration		
Fees	44532	-
Out of Pocket Expenses	17576	62,108
Advertisement Exp	-	71,499
Printing and Stationery	390,874	312,292
EDP Hire and Other Charges	105,802	90,925
Security Expenses	14,349,495	9,413,979
Entertainment Expenses	153,969	218,579
Expenses for Guest House	2,742,061	2,445,118
Books and Periodicals	10,035	22,652
Education Expenses	-	1,052
Rent	1,144,000	462,276
Plant & Machinery written off	180,615	-
Insurance	98,363	118,053
Rates & Taxes	338,861	174,718
Miscellaneous expenses		
Expenses on Hiring of Vehicles	4,261,475	4,065,993
Other Expenses	3,241,994	609,486
Prov. For Unserviceable Store	546,522	-
	<b>102,779,456</b>	<b>165,797,869</b>
Transferred to Expenditure During Construction - Schedule 18	102,751,590	165,744,519
<b>Total</b>	<b>27,866</b>	<b>53,350</b>

**SCHEDULE 17**
**INTEREST AND FINANCE CHARGES**

Interest on loan from Holding Company	41,861,587	14,353,941
Interest on Cash Credit from SBI	139,073	-
Bank Charges	1,156,473	6,365
	<b>43,157,133</b>	<b>14,360,306</b>
Less: Interest and Finance charges transferred to EDC - Schedule 18	43,157,133	14,360,306
<b>Total</b>	-	-



**SCHEDULE 18**  
**EXPENDITURE DURING**  
**CONSTRUCTION**

**A. Employees Remuneration and**

**Other Benefits**

Salaries, Wages, Allowances and Benefits	110,026,911	81,865,692
Contribution to provident and other funds	19,283,672	7,762,970
Welfare Expenses	13,387,581	11,182,445
<b>Total (A)</b>	<b>135,698,164</b>	<b>100,811,106</b>

**B. Admin & Other Expenses**

**Repair & Maintenance**

Buildings	4,140,738	19,893,758
P&M-station	54,568,044	110,072,201
Others	1,131,042	4,121,628
Chemicals&Consumables	3,362,866	-
Legal Expenses	100	4,108,849
Profession Charges and Consultancy Fees	3,990,912	2,128,680
Communication Expenses	1,717,402	1,307,946
Travelling Expenses	6,166,863	6,045,713
Tender Expenses	747,449	2,200
Audit Fee	62,108	56,922
Advertisement Exp	-	71,499
Printing and Stationery	390,874	312,292
EDP Hire and Other Charges	105,802	90,925
Security Expenses	14,349,495	9,413,979
Entertainment Expenses	153,969	218,579
Expenses for Guest House	2,742,061	2,445,118
Books and Periodicals	10,035	22,652
Education Expenses	-	1,052
Rent	1,144,000	462,276
Plant & Machinery written off	180,615	-
Insurance	98,363	118,053
Rates & Taxes	338,861	174,718
Obsolescence Store	546,522	-
Miscellaneous expenses	-	-
Expenses on Hiring of Vehicle	4,261,475	4,065,993
Other Expenses	3,241,994	609,486
<b>Total (B)</b>	<b>109,751,590</b>	<b>165,744,519</b>

**C. Depreciation**

<b>Total (A+B+C)</b>	<b>245,449,754</b>	<b>266,555,625</b>
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**D. Interest and Finance Charges**

Interest on loan from Holding Company	41,861,587	14,353,941
Interest on Cash Credit from SBI	139,073	-
Finance Charges	1,156,473	6,365
<b>Total (D)</b>	<b>43,157,133</b>	<b>14,360,306</b>

**E. Fringe Benefit Tax**

	1,990,797	804,511
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**G. Other receipts**

	1,794,009	224,531
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<b>GRAND TOTAL (A+B+C+D+E+F+G)</b>	<b>293,016,484</b>	<b>293,139,282</b>
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Amount (Rs.)

For the period

01.04.2007 to

31.03.2008

during the stability period has been accounted at UI rate notified by Central Electricity Regulatory Commission (CERC) vide order dt. 21-08-07 till 30.09.2008 and from 01.10.2008 the mutually agreed rate of Rs. 3.65 p/kwh between BSEB & KBUNL has been considered for billing. Charges accrued and related expenses including fuel & other direct expenses during stabilization period has been accounted as pre-commissioning income/expenditure.

- As per the MOU dt. 9th May 2006, Govt. of India sanctioned a grant of Rs. 350.00 crore through Govt. of Bihar for renovation & modernization of the taken over station. M/s BHEL has been paid an advance of Rs. 97.50 crores till 31.03.2009 and KBUNL has been paid Rs. 15 crores out of the sanctioned amount and the same have been accounted as 'Grants-in-Aid' in Schedule 2 as Capital Reserve.
- a) 99 employees are on secondment basis from holding company (NTPC Ltd). LTC expenses/and other retirement benefits due on 31.03.2009 have been debited to Profit & Loss Account for the year 2008-09, as apportioned by the holding company based on actuarial valuation.
- b) The pay revision of the employees of the company is due w.e.f. 1st January 2007. Pending implementation a provision of Rs. 1,76,61,705/- (Previous year Rs. 1,72,02,927/-) has been made on estimated basis as apportioned by the Holding Company i.e. NTPC Limited.
- c) In respect of 9 workmen taken from BSEB the employee benefits have been provided in the books of accounts as per terms of appointment with BSEB pending finalization of their employment terms in KBUNL.
- d) In respect of 45 employees on deputation from BSEB the employee benefits (pension contribution/leave salary) have been provided based on their service terms in BSEB, for the period of deputation in KBUNL.
- Estimated amount of contracts remaining to be executed on Capital account and not provided for is Rs.152.57 crores.
- Earning per share :-  
The elements considered for calculation of Earning per Share (Basic and Diluted) are as under:

	Current year	Previous year
Net Profit after tax used as numerator (Rs)	(27866)	(53350)
Weighted average number of equity shares used as denominator	100000	100000
Earning per share Rupees	(0.28)	(0.53)
Diluted(Earning less than paise one)	-	-
Face value per share (Rupees)	10/-	10/-

- a) Licensed capacity - Not applicable.
- b) Installed capacity - 2x110 MW(Since 29-01-08 one unit no. 02 is in trial operation).
- Figures have been rounded off to nearest rupee.
- Previous year figures have been regrouped/rearranged wherever necessary.
- a) Balances shown under advances, creditors and material lying with contractors and material issued on loan in so far as these have since not been realized/discharged or adjusted are subject to confirmation/reconciliation and consequential adjustment, if any.
- b) In the opinion of the management, the value of current assets, loans and advances on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

**12. Operating leases-**

The Company's significant leasing arrangements are in respect of operating leases of Premises for residential use of employees and offices. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include Rs.2010930/- (Previous Year Rs.1502405/-) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices are shown as Rent in Schedule 16 - Administration and Other expenses.

**13. Quantitative information in respect of Generation and Energy sent out during Pre-Commissioning period (in MUs):**

	Current year	Previous year
Generation (MUs)	226	28
Energy Sent Out (MUs)	189	21

**14. Information pursuant to Part IV of Schedule VI of the Companies Act, 1956.**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I Registration Details**

State Code : 055

Registration No. U40102DL2006G01153167

Balance-sheet date 31 03 09

**II Capital Raised during the year (Rs. In Thousands).**

Public Issue	RIGHTS ISSUE
NIL	NIL
Bonus Issue	PRIVATE PLACEMENT
NIL	NIL

**SCHEDULE-19**

**NOTES ON ACCOUNTS:**

- The name of the Company has been changed to "Kanti Bijlee Utpadan Nigam Limited" (KBUNL) (formerly known as Vaishali Power Generating Company Limited) vide Registrar of Companies, National Capital Territory of Delhi & Haryana's certificate dated 10th April 2008.
- In terms of transfer notification dated 08.09.2006 issued by Government of Bihar, Muzaffarpur Thermal Power Station of Bihar State Electricity Board (BSEB) was vested in Vaishali Power Generating Company Limited (VPGCL) w.e.f. 8th September 2006. As per terms of notification, all assets of the Station (excluding Land which has been transferred on 33 years Lease) have been vested in VPGCL in lieu of purchase consideration; to be determined (as on the date of transfer), based on audited depreciated book value. The valuation based on depreciated book value on the date of transfer are under conclusion by M/s Thakur Vaidyanath Aiyer & Co., Chartered Accountants, Patna. Pending final determination of the value of assets, opening book value of assets (excluding Land) has been taken as Rs.84.53 crore as given in Schedule C of the aforesaid transfer notification and shown under sundry creditors for capital expenditure. Life Insurance Corporation of India had a charge of Rs.57.10 crore on these transferred assets, which has been vacated on 29-03-2008 on payment of Rs. 57.10 crores to LIC by the Holding Company NTPC Ltd as per the transfer notification. The amount paid by the holding Company NTPC Ltd has been booked to share deposit a/c. pending allotment of share to NTPC by debit to Sundry Creditors for Capital Expenditure (Amount payable to BSEB for taken over assets).  
On final determination of the depreciated book value, shares will be allotted to NTPC and BSEB.
- Both units of the transferred station were under renovation & modernization since the date of transfer (and not in operation). The plant & machinery comprised in the assets therefore has been accounted as CWIP. From 29-01-08 unit no. 02 (1 x 110 MW) after restoration & refurbishment is on trial operation for attaining stability in operation. The in-rim power generated from the unit-02 (1 x 110 MW) of plant

**III Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands)**

Total liabilities	2504645	Total Assets	2504645
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**Source of Funds**

Paid up Capital	1000	Reserves & Surplus	1124879
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Secured Loans	320686	Unsecured Loans	NIL
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**Application of Funds**

Net Fixed Assets	2122905	Investments	NIL
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Net Current Assets	61539	Misc. Expenditure	NIL
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**IV. Performance of Company (Rs. in Thousands)**

Turnover	NIL	Total Expenditure	28
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Profit/Loss before tax	28	Loss after tax	28
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Earning per share in Rs.	0.28	Dividend Rate %	NIL
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**V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)**

Product Description: Item Code

GENERATION OF ELECTRICITY	NA
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As per our report of even date

For and on behalf of Board of Directors

**For GRA & Associates**  
Chartered Accountants  
(Rohit Gupta)

(Ruchi Aggarwal)  
Company Secretary

(A.K. Singhal)  
Director

(R.S. Sharma)  
Chairman

Partner

M.No. 91710

Place : New Delhi

Dated: 13<sup>th</sup> MAY 2009**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	For the period 01.04.2008 to 31/03/2009	Amount (Rs.) For the period 01.04.2007 to 31.03.2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Loss before tax and Prior Period Adjustments	(27866)	(53350)
Adjustment for:		
Preliminary Expenses written off	-	-
Operating Profit before Working Capital Changes	(27866)	(53350)
Adjustment for:		
Trade Payables & Other Liabilities	58331473	(98352624)
Debtors	111519070	(153262419)
Other Current Assets	(317331)	-
Inventories	(23191459)	(5333371)
Loans & advances	(69877132)	(56118443)
Cash generated from operations	76436753	(243066857)
Net Cash from Operating Activities - A	(1333113)	(243120207)
INCOME TAX PAID		
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed Capital Expenditure	(191726493)	(655631103)
Preliminary Expenses	-	-
Net Cash Flow from Investing Activities - B	(191726493)	(655631103)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Working Capital Loan	105714226	177979678
CASH CREDIT	14975000	-
Grants-in-aid received	-	150000000
Proceeds from Issue of Share Capital/Share Capital Deposit	43809000	571000000
Net Cash Flow from Financing Activities - C	164486226	898979678
Net Increase/Decrease in Bank balances (A+B+C)	47843435	298368
Opening Bank balance	1331083	1102715
Closing Bank balance	49174518	1331083

As per our report of even date

For and on behalf of the Board of Directors

**For GRA & Associates**  
Chartered Accountants

(Rohit Gupta)  
Partner

(Ruchi Aggarwal)  
Company Secretary

(A.K. Singhal)  
Director

(R.S. Sharma)  
Chairman

Partner

M.No. 91710

Place : New Delhi

Dated: 13<sup>th</sup> MAY 2009**AUDITORS' REPORT****To the Members of****KANTI BIJLEE UTPADAN NIGAM LIMITED**

(Formerly Vaishali Power Generating Company Ltd.)

- We have audited the attached Balance Sheet of **KANTI BIJLEE UTPADAN NIGAM LTD.** (formerly Vaishali Power Generating Company Ltd.) (a Subsidiary of NTPC Ltd.) as at 31<sup>st</sup> March, 2009, the Profit and Loss Account and also the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of the section 227 of the Companies Act, 1956, we enclose in annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- Further to our comments in the Annexure referred to above, we report that:-
  - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit.
  - In our opinion proper books of account, as required by law, have been kept by the company so far as it appears from our examination of such books.
  - The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt by this report are in agreement with the books of accounts.
  - In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, subject to notes to accounts annexed thereto, dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - Being a Government Company, pursuant to the Notification No. GSR 829(E) dated 17.07.2003 issued by Government of India, provision of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 are not applicable to the company;
  - In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009;
    - in the case of the Profit & Loss Account, of the loss of the company for the period ended on that date; and
    - in the case of the Cash Flow statement, of the cash flow for the period ended on that date.

For GRA & Associates  
Chartered Accountants

(Rohit Gupta)

Partner

Place : New Delhi

Dated: 13<sup>th</sup> May, 2009

Membership No. 091710

**Annexure to the Auditors' Report**

Referred to in paragraph 3 of our report of even date:

- The company has been formed to take over the assets of Muzzaffarpur Power Station from BSEB, the verification of fixed assets records maintained and Physical Verification of the same is under process. However, in case of purchases made by the company the records regarding the same are being maintained. In view of the above, the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - There is a regular program of verification, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets and according to the information and explanations given to us no material discrepancies were noticed on such verification.
  - During the year under reference there has been no substantial disposal of fixed assets of the company.





- ii) a) The company has been formed to take over the assets of Muzaffarpur Power Station from BSEB, the verification of fixed assets records maintained and Physical Verification of the same is under process. However, in case of purchases made by the company the records regarding the same are being maintained. In view of this, inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- b) Not Applicable.
- c) Not Applicable.
- d) Not Applicable.
- e) The company has taken secured loan from NTPC, its holding company. The maximum amount involved during the year was Rs.33,71,08,205/- and the year-end balance of loans taken from such party was Rs.30,57,14,286/-.
- f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- g) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct any major weaknesses in internal control system.
- v) a) According to the information and explanations given to us, we are of the opinion that there are no transactions that needed to be entered into the register maintained under section 301 of the Companies Act, 1956.
- b) Not Applicable.
- vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits, from the public, covered by the directives issued by the Reserve Bank of India, the provisions of section 58-A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii) According to the information and explanation given to us and on the basis of records produced for our verification, we are of the opinion that the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, are not applicable on the company.
- ix) a) According to the information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund and employees state insurance, income tax, sales tax, Wealth tax, Service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at the last day of the financial year, for a period of more than six months from the date they became payable.
- b) According to the information and explanation given to us, there are no dues of income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty and cess which have not been deposited on account of any dispute.
- x) Not applicable as the company has been formed only on 6th September, 2006 and a period of more than five years has not elapsed since its registration.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii) The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion and according to the information and explanation given to us, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xiv) According to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investment. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xv) According to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.
- xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, during the year under reference.
- xix) According to the information and explanations given to us the company has not issued any debentures.
- xx) According to the information and explanation given to us the company has not raised any money by way of public issues.
- xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For GRA & Associates  
Chartered Accountants

(Rohit Gupta)

Partner

Place : New Delhi  
Dated: 13<sup>th</sup> May, 2009

Membership No. 091710

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF KANTI BIJLEE UTPADAN NIGAM LIMITED, NEW DELHI FOR THE YEAR ENDED 31ST MARCH, 2009**

The preparation of financial statements of Kanti Bijlee Utpadan Nigam Limited, New Delhi, for the year ended 31 March, 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956, is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 13 May 2009.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Kanti Bijlee Utpadan Nigam Limited, New Delhi, for the year ended 31 March 2009. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the  
Comptroller & Auditor General of India

(Ghazala Meenai)

Principal Director of Commercial Audit and  
Ex-officio Member, Audit Board-III  
New Delhi

Place: New Delhi  
Dated: 01 July, 2009



**BHARTIYA RAIL BIJLEE COMPANY LIMITED**  
(A Subsidiary of NTPC Ltd.)

**DIRECTORS' REPORT**

To

The Members,

Your Directors have pleasure in presenting the Second Annual Report on the working of the Company together with Audited Accounts and Auditors' Report thereon for the year ended 31st March 2009.

**OPERATIONAL REVIEW**

During the year, Topographic Survey, Hydrographic Survey and Geo-tech investigations for priority area for the project of your Company have been completed. The survey work of MGR Track has been completed by RITES Limited. Borewell has been done for providing water to project activities. Acquisition of land is in advanced stage.

Main plant Civil and Infrastructure works packages work for your project is under the process of award. Widening and strengthening of approach road, including culverts and bridges, from Barun to Nabinagar is under final process of award by the Road Construction Department of Govt. of Bihar. For supplying power to the project erection activities, deposit work of 33kV line construction power has been started by Bihar State Electricity Board. Porta Cabin available at the site is being used as site office.

As a measure to contribute in the development activities of nearby area and villagers, Public Information Centre and Mobile Health Clinic have been started at site. Rehabilitation Action Programme has been finalized for the villages and submitted to District Magistrate, Aurangabad. Your Board has approved the budget for Initial Community Development activities to the tune of Rs. 50 lac.

**FINANCIAL REVIEW**

During the Financial Year 2008-09, your Company has incurred loss of Rs. 3,891,180/-. As per Accounting Standards, expenses incurred prior to approval of Feasibility Report has been charged to Profit & Loss Account and the expenditure incurred after the approval of Feasibility Report has been capitalized as Expenditure During Construction. The financial highlights of the Company for the year ended on 31st March 2009 are as under:-

(Rs. Million)

Particulars	Fiscal 2009	Fiscal 2008
Paid-up Share Capital	2500.00	1.00
Share Capital Deposit Pending Allotment	1011.15	2645.65
Reserve & Surplus	-	-
Net Block	4.48	3.38
Capital Work in Progress	232.56	1.60
Construction Stores & Advances	3099.92	2631.43
Loss after Tax	3.89	0.83

**AUDITORS' REPORT**

Comptroller & Auditor General of India vide letter dated 6th August 2008 has appointed M/s H.S. Madan & Co., Chartered Accountants as Statutory Auditors of the Company for the Financial Year 2008-2009. The Statutory Auditors has submitted their report and there is no adverse comment or remark in their report.

**COMPTROLLER & AUDITOR GENERAL REVIEW**

Comptroller & Auditor General of India (C&AG) through letter dated 24th May 2009 have decided not to review the report of the statutory auditors on the accounts of Bhartiya Rail Bijlee Company Limited, New Delhi, for the year ended 31st March 2009 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956.

As advised by the office of the C&AG, the comments of C&AG and Management Replies' thereto, if any, on the accounts for the year 2008-2009 are being placed with the report of the Statutory Auditors of your Company.

**FIXED DEPOSITS**

The Company has not accepted any fixed deposit during the period ending 31st March 2009.

**PARTICULARS OF EMPLOYEES**

There being no employee in the Company with earning over the specified amount, the particulars of employees as prescribed under Sec. 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not required to be given.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO**

Since the project undertaken by the Company is in implementation stage, there are no significant particulars, relating to conservation of energy, technology absorption under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988. During the period under review the Company had no earning or outgo in foreign exchange.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- in the preparation of the annual accounts for the year ended 31st March 2009, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of 31st March 2009 and of the loss of the company for the said period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- the Directors had prepared the annual accounts for the year ended 31st March 2009, on going concern basis.

**DIRECTORS**

As per the provisions of the Companies Act, 1956, Shri A.K. Singhal, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

**ACKNOWLEDGEMENT:**

The Board of Directors wishes to place on record its appreciation for the support and co-operation extended by Ministry of Power, Ministry of Railways, NTPC Ltd., Auditors and the Bankers of the Company.

For and on behalf of the Board of Directors

Place: New Delhi  
Dated: 18.06.2009

(Chandan Roy)  
Chairman

**BHARTIYA RAIL BIJLEE COMPANY LIMITED**  
(A Subsidiary of NTPC Ltd.)

**ACCOUNTING POLICIES**

**1. BASIS OF PREPARATION**

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

**2. USE OF ESTIMATES**

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates & assumptions and such differences are recognized in the period in which the results are crystallized.

**3. FIXED ASSETS**

- Fixed Assets are carried at historical cost.
- Intangible assets are recorded at their cost of acquisition.
- Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relating to land in possession are treated as cost of land.
- In the case of assets put to use, where final settlement of bills with contractors is yet to affected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.

**4. CAPITAL WORK IN PROGRESS**

Deposit work/cost plus contracts are accounted for on the basis of statements of account received from the contractors.

**5. FOREIGN CURRENCY TRANSACTION**

- Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.
- At the balance sheet date, foreign currency monetary items are reported using the closing rate, Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.



## 6. PROFIT AND LOSS ACCOUNT

### 6.1 EXPENDITURE

6.1.1 Depreciation on Fixed Assets is charged on straight line method at the rates specified in schedule XIV of the Companies Act, 1956 except for the following at the rates mentioned below:

a) Kutcha Roads	47.50%
b) Enabling works	
- residential buildings including their internal electrification.	06.33%
- non-residential buildings including their internal Electrification, water supply, sewerage & drainage Works, railway sidings, aerodromes, helipads and airstrips.	19.00%
c) Personal computers and Laptops including peripherals	19.00%
d) Photocopiers and Fax Machines	19.00%
e) Air conditioners, water coolers and Refrigerators	08.00%

6.1.2 Depreciation on additions to/ deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.

6.1.3 Assets costing up to Rs.5000/- are fully depreciated in the year of acquisition.

6.1.4 Cost of software recognize as intangible asset, is amortised on straight line method over a period of legal right to use or 3 years, whichever is earlier.

6.1.5 Expenses incurred on training are charged to revenue.

6.1.6 Preliminary expenses on account of new projects incurred prior to approval of feasibility report are charged to revenue.

6.1.7 The liabilities towards employee benefits are ascertained annually by the holding company i.e. NTPC Ltd. on actuarial valuation at the year end. The Company provides for such employee benefits as apportioned by the Holding Company.

## 7. CASH FLOW STATEMENT

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statement'.

### BHARTIYA RAIL BULEE COMPANY LIMITED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009

Schedule No.	As at 31.03.2009	As at 31.03.2008
<b>SOURCES OF FUNDS</b>		
<b>SHAREHOLDERS' FUNDS</b>		
Capital	1	2,500,000,000
Share Capital Deposit	2	1,011,148,000
<b>TOTAL</b>		<b>3,511,148,000</b>
<b>APPLICATION OF FUNDS</b>		
<b>FIXED ASSETS</b>		
Gross Block	3	5,812,848
Less: Depreciation		1,333,443
Net Block		4,479,405
Capital Work-in-Progress	4	232,555,358
Construction Stores And Advances	5	3,092,915,336
		<b>3,336,950,119</b>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
Cash and Bank Balances	6	195,486,361
Other Current Assets	7	29,353
Loans & Advances	8	1,642,065
		<b>197,097,739</b>
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>		
Liabilities	9	26,838,682
Provisions	10	780,486
		<b>27,619,168</b>
Net Current Assets		169,478,631
Profit and Loss Account		4,719,250
<b>TOTAL</b>		<b>3,511,148,000</b>

Notes on Accounts Schedules 1 to 16 and accounting policies form an integral part of accounts  
As per our audit report of even date For and on behalf of Board of Directors

For H.S. Madan & Co.  
Chartered Accountants  
(H.S. Madan)  
Partner  
M.No. 09036  
Place : Delhi  
Dated: 12<sup>th</sup> MAY 2009

(Manju Gupta) (Chandan Roy)  
Director Chairman

### BHARTIYA RAIL BULEE COMPANY LIMITED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009

Schedule No.	Current Year	Previous Year from 22.11.07 to 31.03.2008
<b>INCOME</b>		
Other Income	11	-
<b>TOTAL</b>		
<b>EXPENDITURE</b>		
Employees Remuneration and Benefits	12	-
Administration and other expenses	13	828,070
Depreciation		-
Interest and Finance Charges	14	-
<b>TOTAL</b>	<b>3,891,180</b>	<b>828,070</b>
<b>Profit / (Loss) before Tax</b>	<b>(3,891,180)</b>	<b>(828,070)</b>
Provision for :		
Fringe Benefit Tax		
Current Year	407,694	22410
Less: Fringe Benefit Tax transferred to Expenditure during Construction	407,694	22,410
<b>Profit / (Loss) After Tax</b>	<b>(3,891,180)</b>	<b>(828,070)</b>
Balance(Loss) brought forward	(828,070)	-
<b>Balance (Loss) carried to Balance Sheet</b>	<b>(4,719,250)</b>	<b>(828,070)</b>
Expenditure During Construction	15	
Earning Per Share (Equity Shares, face value Rs.10/-each)		
- Basic and Diluted (Rs.)	(0.03)	(8.28)
Notes on Accounts	16	

Schedules 1 to 16 and accounting policies form an integral part of accounts

As per our audit report of even date

For and on behalf of Board of Directors

For H.S. Madan & Co.  
Chartered Accountants  
(H.S. Madan)  
Partner  
M.No. 09036  
Place : Delhi  
Dated: 12<sup>th</sup> MAY 2009

(Manju Gupta) (Chandan Roy)  
Director Chairman

### SCHEDULES FORMING PART OF ACCOUNTS

Schedule No.	As at 31.03.2009	Previous year from 22.11.07 to 31.03.2008
<b>SCHEDULE 1</b>		
<b>CAPITAL</b>		
<b>AUTHORISED</b>		
160,60,00,000 equity shares of Rs.10/- each	16,060,000,000	100,000,000
(Previous Year: 1,00,00,000 Equity Shares of Rs.10/- each)		
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
25,00,00,000 equity shares of Rs.10 each fully paid-up (18,50,00,000 equity shares fully paid-up held by NTPC Ltd and their nominees and 6,50,00,000 equity shares fully paid-up held by Ministry of Railways, Govt of India and their nominees)	2,500,000,000	1,000,000
(Previous period : 1,00,000 equity shares of Rs.10 each fully paid-up consisting of 74,000 shares fully paid-up held by NTPC Ltd and their nominees and 26000 shares fully paid-up held by Ministry of Railways, Govt of India and their nominees)		
<b>Total</b>	<b>2,500,000,000</b>	<b>1,000,000</b>
<b>SCHEDULE - 2</b>		
<b>SHARE CAPITAL DEPOSIT</b>		
(Amount received pending allotment) NTPC Ltd.	571,148,000	1,955,910,000
Ministry of Railways, Govt. of India.	440,000,000	689,740,000
<b>Total</b>	<b>1,011,148,000</b>	<b>2,645,650,000</b>

**SCHEDULE 3  
FIXED ASSETS**

(Rs.)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.04.2008	Additions	Deductions/ Adjustments	As at 31.03.2009	As at 1.04.2008	For the Year	Deductions/ Adjustments	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
<b>TANGIBLE ASSETS</b>										
LAND										
-Freehold	2,385,515	-	-	2,385,515	-	-	-	-	2,385,515	2,385,515
Kachha Road	-	108,192	-	108,192	-	51,391	-	51,391	56,801	-
Temporary Erections	1,088,370	-	-	1,088,370	90,698	997,672	-	1,088,370	-	997,672
Furniture, Fixtures & Other	-	942,628	-	942,628	-	110,628	-	110,628	832,000	-
Office Equipments	-	299,884	-	299,884	-	52,267	-	52,267	177,617	-
EDP Equipments	-	1,036,479	-	1,036,479	-	18,320	-	18,320	1,018,159	-
Electrical Installations	-	9,800	-	9,800	-	9,800	-	9,800	-	-
Communication Equipments	-	-	-	-	-	-	-	-	-	-
<b>INTANGIBLE ASSETS</b>										
Software	-	12,000	-	12,000	-	2,667	-	2,667	9,333	-
<b>TOTAL</b>	<b>3,473,885</b>	<b>2,338,983</b>	-	<b>5,812,868</b>	<b>90,698</b>	<b>1,242,745</b>	-	<b>1,333,443</b>	<b>4,479,425</b>	<b>3,383,187</b>
Previous period ended 31st March, 2008	-	3,473,885	-	3,473,885	-	90,698	-	90,698	-	3,383,187

**Details of Depreciation for the year :-**

Current Year (Rs.) Previous Period (Rs.)

Charged to Profit and Loss Account

Transferred to Expenditure during construction (Schedule-15)

1,242,745 90,698

1,242,745 90,698

**SCHEDULE 4  
CAPITAL WORK-IN-PROGRESS**

Rs.

Description	As at 01.04.2008	Additions	Deductions/ Adjustments	Capitalised	As at 31.03.2009
Temporary Erections	-	1,159,118	-	-	1,159,118
Temporary Construction -Water Supply & Drains -Plant	-	21,400	-	-	21,400
Survey, Investigation, Consultancy & Supervision Charges	-	169,326,073	-	-	169,326,073
Expenditure During Construction	1,604,870	60,443,897	-	-	62,048,767
<b>TOTAL</b>	<b>1,604,870</b>	<b>230,950,488</b>	-	-	<b>232,555,358</b>
Previous period ended 31st March, 2008	-	1,604,870	-	-	1,604,870

**SCHEDULE 5  
CONSTRUCTION STORES AND ADVANCES**

Amount (Rs.)

As At  
31.03.2009  
Previous year  
from 22.11.07 to  
31.03.2008**Advance for Capital Expenditure**  
(Unsecured, considered good)

Covered by Bank Guarantee	2,559,421,597	2,559,421,597
Others	540,493,739	72,005,798
<b>Total</b>	<b>3,099,915,336</b>	<b>2,631,427,395</b>

**SCHEDULE - 6  
CASH & BANK BALANCES**

Cash in Hand	13,911	-
<b>Balances with Scheduled Banks</b>		
Current Account	1,901,889	12,094,190
Term Deposit Account	193,510,561	-
<b>Total</b>	<b>195,426,361</b>	<b>12,094,190</b>

**SCHEDULE - 7  
OTHER CURRENT ASSETS**

Interest Accrued on :		
Term Deposits with Indian Banks	29,353	-
<b>Total</b>	<b>29,353</b>	<b>-</b>

**SCHEDULE - 8  
LOANS & ADVANCES**

<b>ADVANCES (Unsecured, Considered Good)</b>		
Employees	322,870	-
Amount Recoverable from others	1,249,118	-
Tax deducted at Source	70,037	-
<b>Total</b>	<b>1,642,025</b>	<b>-</b>

**SCHEDULE 9  
CURRENT LIABILITIES**

Amount (Rs.)

As At  
31.03.2009  
Previous year  
from 22.11.07 to  
31.03.2008**Sundry Creditors**

<b>For Capital Expenditure</b>		
Other than Micro & Small Enterprises		
NTPC Ltd.	9,662,937	-
Others	787,175	1,063,708

**For Goods & Services**

Other than Micro & Small Enterprises		
NTPC Ltd.	8,591,833	703,974
Others	3,229,698	151,314
Bank Overdraft (Bank)	-	100
Deposits, Retention Money		
from contractors & others	1,816,055	-
Other Liabilities	2,750,924	32,084
<b>Total</b>	<b>26,838,622</b>	<b>1,951,180</b>

**SCHEDULE - 10  
PROVISIONS**

<b>Fringe Benefit Tax</b>		
As per last Balance Sheet	22,410	-
Additions during the year	407,694	22,410
Advance Tax paid during the year	297,301	-
Closing Balance	132,803	22,410
<b>Employee Benefits</b>		
As per last Balance Sheet	714,122	-
Additions during the year	55,796	714,122
Amount paid during the year	122,235	-
Closing Balance	647,683	714,122
<b>Total</b>	<b>780,486</b>	<b>736,532</b>




**SCHEDULE 11  
OTHER INCOME**

Interest from Indian Banks (Gross) (Tax deducted at source Rs.70,037, previous period-Nil)	
	339,514
	339,514
Less : Income Transferred to Expenditure During Construction (Schedule-15)	
	339,514
<b>Total</b>	

**SCHEDULE - 12  
EMPLOYEES REMUNERATION AND BENEFITS**

Salaries, Wages, Bonus, Allowances and Benefits	15,923,703	318,468
Contribution to Provident and Other Funds	1,370,928	38,390
Welfare Expenses	1,211,641	728,095
	18,506,272	1,084,953
Less : Transferred to Expenditure During Construction (Schedule-15)		18,506,272
	18,506,272	1,084,953
<b>Total</b>		

**SCHEDULE - 13  
ADMINISTRATION AND OTHER EXPENSES**

Rent	741,608	28,000
Repair & Maintenance		
Office Building	147,546	-
Others	286,280	-
Insurance	7,731	-
Training Expenses	11,000	-
Communication Expenses	358,059	3,238
Travelling Expenses		
Inland Travel	5,080,044	203,758
Tender Expenses	8824968	
Less: Income from sale of tenders	23625	8,801,343
Remuneration to Auditors	22,060	11,236
Advertisement and publicity	63,831	5,000
Security Expenses	409,707	45,000
Entertainment Expenses	142,289	6,254
Transit Hostel Expenses	149,278	7,500
Books & Periodicals	13,869	-
Wages of daily rated manpower	119,548	-
Professional Charges & Consultancy	16,345	-
Legal Expenses	21,752,475	-
Postage & Courier Charges	10,008	-
EDP expenses	27,102	-
Printing and Stationery	504,242	2,946
Expenses on Hiring of Vehicles	1240506	139,372
Less: Vehicle hire charge recovery	3901	1,236,605
Hire charges-Office Equipment	124,950	-
Operating expenses of D.G. sets	6,111	-
Subscription to Trade & Other Assocn.	3,300	-
Preliminary Expenses written off	3,880,180	776,075
Miscellaneous Expenses	591,875	3,500
	44,507,386	1,231,879
Less : Transferred to Expenditure During Construction (Schedule-15)		44,507,386
	44,507,386	1,231,879
<b>Total</b>		

**SCHEDULE - 14  
INTEREST AND FINANCE CHARGES  
FINANCE CHARGES**

Bank Charges	10,494	3,000
	10,494	3,000
Less : Transferred to Expenditure During Construction (Schedule-15)		10,494
	10,494	3,000
<b>Total</b>		

**SCHEDULE 15  
EXPENDITURE DURING CONSTRUCTION**
**A EMPLOYEES REMUNERATION  
AND BENEFITS**

Salaries, Wages, Bonus, Allowances and Benefits	15,923,703	318,468
Contribution to Provident and Other Funds	1,370,928	38,390
Welfare Expenses	1,211,641	728,095
<b>Total (A)</b>	18,506,272	1,084,953

**B ADMINISTRATION AND OTHER EXPENSES**

Rent	741,608	28,000
Repair & Maintenance		
Leased Buildings	147,546	-
Others	286,280	-
Insurance	7,731	-
Communication Expenses	358,059	3,238
Travelling Expenses		
Inland Travel	5,080,044	203,758
Tender Expenses	8824968	
Less: Income from sale of tenders	23625	8,801,343
Remuneration to Auditors	22,060	11,236
Advertisement and publicity	63,831	5,000
Security Expenses	409,707	45,000
Entertainment Expenses	142,289	6,254
Transit Hostel Expenses	149,278	7,500
Books & Periodicals	13,869	-
Wages of daily rated manpower	119,548	-
Professional Charges & Consultancy	16,345	-
Legal Expenses	21,752,475	-
Postage & Courier Charges	10,008	-
EDP expenses	27,102	-
Printing and Stationery	504,242	2,946
Expenses on Hiring of Vehicles	1240506	
Less: Vehicle hire charge recovery	3901	1,236,605
Hire charges-Office Equipment	124,950	87,377
Operating expenses of D.G. sets	6,111	-
Subscription to Trade & Other Assocn.	3,300	-
Miscellaneous Expenses	591,875	3,500
<b>Total (B)</b>	40,616,206	403,809

**C DEPRECIATION**
**D INTEREST AND FINANCE CHARGES**

FINANCE CHARGES		
Bank Charges	10,494	3,000
<b>Total (D)</b>	10,494	3,000

**E LESS : OTHER INCOME**

Interest from Indian Banks-transferred from Schedule-11	339,514	-
<b>Total (E)</b>	339,514	-

**F FRINGE BENEFIT TAX**

Fringe Benefit Tax	407,694	22,410
<b>TOTAL (F)</b>	407,694	22,410

**GRAND TOTAL (A+B+C+D-E+F)**

	60,443,897	1,604,870
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**SCHEDULE-16**
**NOTES ON ACCOUNTS**

- Estimated amount of Contracts remaining to be executed on capital account and not provided for Rs.2037.15 Crores. (Previous period Rs.1844.56 Crores.)
- The conveyancing of the title of 10.51 acres of Freehold Land of Value Rs.23.85 lacs in possession of the company is awaiting completion of legal formalities. Moreover, Rs.43.00 Crores have been advanced against land for project during the year, while possession of land is still awaited. However, land acquisition process is in progress.
- Earning Per Share:  
Earnings per Share has been calculated in accordance with the AS-20.  
The elements considered for calculation of Earnings Per Share (Basic & Diluted) are as under:



	Current year	Previous period
Net loss used as numerator (Rs.)	(38,91,180)	(8,28,070)
Weighted average number of equity shares used as denominator. (Nos.)	13,97,70,137	1,00,000
Earning per Share -Basic and Diluted. (Rs.)	(0.03)	(8.28)

4. Contingent liability: Claims against the company not acknowledged as debts is Rs. NIL (Previous period: NIL).
5. All the employees of the company are on secondment posting from the holding company, i.e. NTPC Ltd. excepting one employee on deputation from Ministry of Railways. Salaries paid to Employees on secondment and other benefits to them have been entered in to the Books of Company on the basis of transfer entries made by NTPC in this regard. An estimated amount of Rs.90,000/- has been provided for the employee on deputation from Ministry of Railways.
6. Expenses on operating leases of the premises for residential use of the employees amounting to Rs.2,53,390.00 (previous period : Nil) are included in Schedule-12- "Employees Remuneration and Benefits". Similarly, lease payments in respect of premises for offices/transit accommodation are shown in Rent in Schedule-13- "Administration and other expenses".
7. The employees remuneration and benefits includes Rs.23,47,610.00 (Previous period: NIL) in respect of gratuity, leave encashment, post retirement medical benefits, transfer traveling allowance on retirement / death, long service awards to employees, farewell gift on retirement and economic rehabilitation scheme (for employees on secondment from NTPC Ltd.) as apportioned by Holding company i.e. NTPC Ltd. on actuarial valuation at the year end.
8. The pay revision of the employees of the company (on secondment from NTPC Ltd.) is due w.e.f 1st January, 2007. A provision of Rs.20,92,572/- (Previous period: Rs.NIL) has been made on estimated basis as apportioned by the holding company i.e. NTPC Ltd.
9. The schedule '5' of construction stores and advances includes amounts of Rs.255,94,21,597.00 (Previous period Rs.255,94,21,597.00) paid to M/s Bharat Heavy Electricals Ltd. and Rs.50,20,05,798.00 (Previous period Rs.7,20,05,798.00) deposited with District Magistrate and Collector, Aurangabad, Bihar, towards main plant equipment supply packages and land respectively.
10. Based on information available with the company, there are no suppliers/contractors/service providers who are registered as micro, small or medium, enterprise under "The Micro, Small and Medium Enterprises Development Act, 2006 as on 31st March, 2009.
11. Preliminary Expenses amounting to Rs.38.80 Lacs incurred in previous years prior to approval of feasibility report have been charged to revenue in current year.
12. Previous period figures have been re-grouped/re-arranged wherever necessary.
13. Information pursuant to part IV of schedule VI of the Companies Act, 1956.

#### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Detail State Code: 055  
Registration No. U401002012007PLC170661

Balance Sheet Date 31 03 2009

#### II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue NIL  
Right issue NIL  
Bonus Issue NIL  
Private Placement 2499000

#### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liability 3538767  
Total Assets 3538767  
Source of Funds  
Paid up Capital 2500000  
Capital Deposit Account 1011148  
Secured Loans NIL  
Reserves & Surplus NIL  
Deferred Tax Liabilities NIL  
Unsecured Loans NIL

#### Application of Funds

Net Fixed Assets 3336950  
Investment NIL  
Net Current assets 169479  
Misc. Expenditure NIL  
Accumulated Losses 4719

#### IV. Performance of Company (Amount in Rs. Thousands)

Turnover (including other income) NIL  
Total Expenditure 3891  
Loss before Tax 3891  
Loss After Tax 3891  
Earning per Share in Rs. 0.03  
Dividend Rate (%) NIL

#### V. Generic name of three Principal Products/Services of Company (As per monetary terms)

Product Description: Item Code No.  
GENERATION OF ELECTRICITY NA

As per our audit report of even date

For H.S. Madan & Co.

Chartered Accountants

(H.S. Madan)

Partner

M.No. 09036

Place : New Delhi

Dated: 12<sup>th</sup> MAY 2009

For and on behalf of Board of Directors

(Manju Gupta)  
Director

(Chandan Roy)  
Chairman

#### BHARTIYA RAIL BIJLEE COMPANY LIMITED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009

	Current Year	(Amount Rs.) Previous Year from 22.11.07 to 31.03.2008
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Loss as per Profit and Loss Account	(3,891,180)	(828,070)
Adjustment for Depreciation	1,242,745	90,698
Operating Loss before Working Capital Changes	(2,648,435)	(737,372)
Adjustment for Sundry Creditors for goods and services	15,501,038	1,601,594
Net Cash from Operating Activities-A	12,852,603	864,922
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets and CWIP	(694,018,432)	(2,635,420,032)
Net Cash used in Investing Activities -B	(694,018,432)	(2,635,420,032)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	2,499,000,000	1,000,000
Proceeds from Share Capital Deposit	(1,634,502,000)	2,645,650,000
Net Cash flow from Financing Activities-C	864,498,000	2,646,650,000
Net Increase/(Decrease) in Cash and Cash equivalents(A+B+C)	183,332,171	12,094,190
Cash and Cash equivalents (Opening Balance)	12,094,190	-
Cash and Cash equivalents (Closing Balance)	195,426,361	12,094,190
Net Increase/(Decrease) in Cash and Cash equivalents	183,332,171	12,094,190

#### Note:

Cash and Cash Equivalents consists of Cash in Hand and balance with Banks  
Previous period's figures have been regrouped/rearranged wherever necessary.

As per our audit report of even date

For H.S. Madan & Co.

Chartered Accountants

(H.S. Madan)

Partner

M.No. 09036

Place : Delhi

Dated: 12<sup>th</sup> MAY 2009

For and on behalf of Board of Directors

(Manju Gupta)  
Director

(Chandan Roy)  
Chairman



## AUDITORS' REPORT

To the Members of

**BHARTIYA RAIL BIJLEE COMPANY LIMITED**

1. We have audited the attached Balance Sheet of **Bhartiya Rail Bijlee Company Limited** (a Subsidiary Company of NTPC Ltd.) as at 31<sup>st</sup> March, 2009, and the related Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further we report that :
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - e) Being a Government Company, pursuant to Notification No. GSR 829(E) dated 17/07/2003 issued by the Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 are not applicable to the company;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2009;
    - ii) in the case of the Profit and Loss Account of the loss for the year ended on that date, and
    - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For H.S. Madan & Co.  
Chartered Accountants

(H.S. Madan)

Partner

Membership No. 09036

Place : Delhi

Dated: 12<sup>th</sup> May, 2009**Annexure to the Auditors' Report**

Referred to in paragraph 3 of the Auditor's Report of even date to the members of **Bhartiya Rail Bijlee Company Limited** on the financial statements for the year ended 31<sup>st</sup> March, 2009:

- a) The company is maintaining proper record showing full particulars including quantitative details and situation of fixed assets.
- b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies have been noticed.
- c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off during the year.

ii) The Company does not have inventory. Accordingly, the provisions of clause 4(ii)(b) & (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly the provisions of clauses 4(iii)(b), (c) & (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

**However, Share Capital Deposit still has a unadjusted balance of Rs.101.11 Crores as on 31/03/2009 against which no shares have been allotted by Company so far.**

iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with the regard to purchase of fixed assets. The company has not made any purchase/sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.

v) According to the information given to us, there are no transactions that need to be entered in the register maintained U/s 301 of the Act. **Company has awarded a Consultancy Contract of Rs.76.00 Crores to NTPC Ltd., holding Company. Most of the Directors in Company are from NTPC Ltd. and Interest of Directors as required U/s 299 of Companies Act has already been disclosed in the Board's Meetings. As per Notification NO. GSR 233 dt. 31/01/1978 published in the Gazette of India, Section 3(i) dt. 11/02/1978, provisions of Section 297 are not applicable.**

vi) According to the information given to us, Company has not accepted deposits under the provisions of section 58A & 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

vii) The provisions of the order related to internal audit are not applicable to the company. However, Internal Audit have been conducted by the Holding Company, i.e. NTPC Ltd.

viii) The maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act is not applicable to the company since it has not commenced any activity related to generation of electricity.

ix) a) The company is depositing with appropriate authorities undisputed statutory dues of income Tax.

**However, payments of direct taxes, such as FBT and TDS etc. are being deposited directly in to bank as yet instead of e-payment which has become already mandatory in case of a corporate assessee.**

b) According to the information and explanation given to us, no undisputed amount payable in respect of income tax, sales tax were in arrears as at 31<sup>st</sup> March, 2009 for a period of more than six months from the date they became payable.

c) All employees of the company are on secondment posting from its holding company, i.e., NTPC Ltd. except one employee on deputation from Ministry of Railways. According to information given to us, holding company as well as Ministry of Railways are depositing undisputed statutory dues like provident fund and Employees T.D.S. etc. with appropriate authorities.

d) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess as at 31.03.2009 which have not been deposited on account of any dispute.

x) This clause is not applicable as the company is not in existence for 5 years or more from the date of registration till 31<sup>st</sup> March, 2009.

xi) This clause is not applicable as the company has not taken any loan from financial institution, bank or by way of issue of debentures.

xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the company.

xiv) The company is not dealing or trading in shares, securities, debentures or other investments and hence, requirements of paragraph 4(xiv) are not applicable to the company.

xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

xvi) The company has not taken any term loan during the year.

- xvii) On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds, raised on a short-term basis which have been used for long-term investment, and vice-versa.
- xviii) The company has made preferential allotment of 24.99 Crores shares of Rs.10.00 each to NTPC Ltd. and Ministry of Railways, parties and companies covered in the register maintained under Section 301 of the Act during the year. In our opinion and according to the information and explanations given to us, the price at which such shares have been issued is not prejudicial to the interest of the company.
- xix) The company has not issued any debentures.
- xx) The company has not raised money by public issue.
- xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For H.S. Madan & Co.  
Chartered Accountants

(H.S. Madan)  
Partner

Membership No. 09036

Place : Delhi  
Dated: 12<sup>th</sup> May, 2009

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF BHARTIYA RAIL BIJLEE COMPANY LIMITED, NEW DELHI FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

The preparation of financial statements of Bhartiya Rail Bijlee Company Limited, New Delhi, for the year ended 31 March, 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956, is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 12 May 2009.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the Accounts of Bhartiya Rail Bijlee Company Limited, New Delhi for the year ended 31<sup>st</sup> March, 2009 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the  
Comptroller & Auditor General of India

(Ghazala Meenai)  
Principal Director of Commercial Audit and  
Ex-officio Member, Audit Board-III  
New Delhi

Place: New Delhi  
Dated: 29 May, 2009

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## NTPC Limited Consolidated Financial Statements

### ACCOUNTING POLICIES

#### 1. BASIS OF PREPARATION

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

#### 2. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates & assumptions and such differences are recognized in the period in which the results are crystallized.

#### 3. GRANTS-IN-AID

- 3.1 Grants-in-aid received from the Central Government or other authorities towards capital expenditure as well as consumers' contribution to capital works are treated initially as capital reserve and subsequently adjusted as income in the same proportion as the depreciation written off on the assets acquired out of the grants.
- 3.2 Where the ownership of the assets acquired out of the grants vests with the government, the grants are adjusted in the carrying cost of such assets.
- 3.3 Grants from Government and other agencies towards revenue expenditure are recognized over the period in which the related costs are incurred and are deducted from the related expenses.

#### 4. FIXED ASSETS

- 4.1 Fixed Assets are carried at historical cost less accumulated depreciation.
- 4.2 Expenditure on renovation and modernisation of fixed assets resulting in increased life and/or efficiency of an existing asset is added to the cost of related assets.
- 4.3 Intangible assets are stated at their cost of acquisition less amortisation.
- 4.4 Capital expenditure on assets not owned by the Company is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the Fixed Assets.
- 4.5 Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relatable to land in possession are treated as cost of land.
- 4.6 In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustment in the year of final settlement.
- 4.7 Assets and systems common to more than one generating unit are capitalised on the basis of engineering estimates/assessments.

#### 5. CAPITAL WORK-IN-PROGRESS

- 5.1 In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital Work-in-Progress.
- 5.2 Administration and general overhead expenses attributable to construction of fixed assets incurred till they are ready for their intended use are identified and allocated on a systematic basis to the cost of related assets.
- 5.3 Deposit works/cost plus contracts are accounted for on the basis of statements of account received from the contractors.
- 5.4 Claims on the Company for price variation/exchange rate variation in case of contracts are accounted for on acceptance.

#### 6. OIL AND GAS EXPLORATION COSTS

- 6.1 The Company follows 'Successful Efforts Method' for accounting of oil & gas exploration activities.
- 6.2 Cost of surveys and prospecting activities conducted in search of oil and gas are expensed off in the year in which these are incurred.
- 6.3 All acquisition costs are initially capitalized as 'Exploratory Wells-in-Progress' under Capital Work-in-Progress.





## NTPC Limited Consolidated Financial Statements

### 7. DEVELOPMENT OF COAL MINES

Expenditure on exploration of new coal deposits is capitalized as 'Development of coal mines' under Capital Work-in-Progress till the mines project is brought to revenue account.

### 8. FOREIGN CURRENCY TRANSACTIONS

8.1 Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.

8.2 At the balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.

8.3 Exchange differences (loss), arising from translation of foreign currency loans relating to fixed assets/capital work-in-progress to the extent regarded as an adjustment to interest cost are treated as borrowing cost.

8.4 Exchange differences arising from settlement / translation of foreign currency loans (other than regarded as borrowing cost), deposits / liabilities relating to fixed assets / capital work-in-progress in respect of transactions entered prior to 01.04.2004, are adjusted in the carrying cost of related assets. Such exchange differences arising from settlement / translation of long term foreign currency monetary items in respect of transactions entered after 01.04.2004 are adjusted in the carrying cost of related assets.

8.5 Other exchange differences are recognized as income or expense in the period in which they arise.

### 9. BORROWING COSTS

Borrowing costs attributable to the fixed assets during construction/renovation and modernisation are capitalised. Such borrowing costs are apportioned on the average balance of capital work-in-progress for the year. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### 10. INVESTMENTS

10.1 Current Investments are valued at lower of cost and fair value determined on an individual investment basis.

10.2 Long term investments are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments.

10.3 Premium paid on long term investments is amortised over the period remaining to maturity.

### 11. INVENTORIES

11.1 Inventories are valued at the lower of cost, determined on weighted average basis, and net realizable value.

11.2 The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

### 12. PROFIT AND LOSS ACCOUNT

#### 12.1 INCOME RECOGNITION

12.1.1 Sale of energy is accounted for based on tariff rates approved by the Central Electricity Regulatory Commission (CERC). In case of power stations where the tariff rates are yet to be approved/agreed, provisional rates are adopted.

12.1.2 The incentives/disincentives are accounted for based on the norms notified/approved by the CERC. In cases of power stations where the same have not been notified/ approved, incentives/ disincentives are accounted for on provisional basis.

12.1.3 Advance against depreciation, forming part of tariff to facilitate repayment of loans, is reduced from sales and considered as deferred revenue to be included in sales in subsequent years.

12.1.4 Exchange differences on account of translation of foreign currency borrowings recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are accounted as 'Deferred Foreign Currency Fluctuation Asset/Liability'. The increase or decrease in depreciation or interest and finance charges for the year due to the accounting of such exchange differences as per accounting policy no. 8 is adjusted in sales.

12.1.5 Exchange differences arising from translation/settlement of monetary items denominated in foreign currency to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are accounted as 'Deferred Foreign Currency Fluctuation Asset/Liability' during construction period and adjusted in the year in which the same becomes recoverable/payable.



### NTPC Limited Consolidated Financial Statements

- 12.1.6 The surcharge on late payment/overdue sundry debtors for sale of energy is recognized when no significant uncertainty as to measurability or collectability exists.
- 12.1.7 Interest/surcharge recoverable on advances to suppliers as well as warranty claims/liquidated damages are not treated as accrued due to uncertainty of realisation/acceptance and are therefore accounted for on receipt/acceptance.
- 12.1.8.1 Income from consultancy services is accounted for on the basis of actual progress/technical assessment of work executed, in line with the terms of respective consultancy contracts.
- 12.1.8.2 Claims for reimbursement of expenditure are recognized as other income, as per the terms of consultancy service contracts.
- 12.1.9 Scrap other than steel scrap is accounted for as and when sold.
- 12.1.10 Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realisation.

#### 12.2 EXPENDITURE

- 12.2.1 Depreciation is charged on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 except for the following assets at the rates mentioned below:

a) Kutcha Roads	47.50 %
b) Enabling works	
- residential buildings including their internal electrification.	06.33 %
- non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helipads and airstrips.	19.00 %
c) Personal computers and Laptops including peripherals	19.00 %
d) Photocopiers and Fax Machines	19.00 %
e) Air conditioners, Water coolers and Refrigerators	08.00 %

- 12.2.2 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
- 12.2.3 Assets costing up to Rs.5000/- are fully depreciated in the year of acquisition.
- 12.2.4 Cost of software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or 3 years, whichever is earlier.
- 12.2.5 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortised balance of such asset is charged prospectively over the residual life determined on the basis of the rate of depreciation.
- 12.2.6 Where the life and/or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along-with its unamortized depreciable amount is charged prospectively over the revised useful life determined by technical assessment.
- 12.2.7 Machinery spares which can be used only in connection with an item of plant and machinery and their use is expected to be irregular, are capitalised and fully depreciated over the residual useful life of the related plant and machinery.
- 12.2.8 Capital expenditure on assets not owned by the company is amortised over a period of 4 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use. However, such expenditure for community development in case of stations under operation is charged off to revenue.
- 12.2.9 Leasehold buildings are amortised over the lease period or 30 years, whichever is lower. Leasehold land and buildings, whose lease period is yet to be finalised, are amortised over a period of 30 years.
- 12.2.10 Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.

**NTPC Limited Consolidated Financial Statements**

- 12.2.11 Preliminary expenses on account of new projects incurred prior to approval of feasibility report are charged to revenue.
- 12.2.12 Actuarial gains/losses in respect of 'Employee Benefit Plans' are recognised in the statement of Profit & Loss Account.
- 12.2.13 Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets and systems.
- 12.2.14 Prepaid expenses and prior period expenses/income of items of Rs.100,000/- and below are charged to natural heads of accounts.
- 12.2.15 Carpet coal is charged off to coal consumption. However, during pre-commissioning period, carpet coal is retained in inventories and charged off to consumption in the first year of commercial operation. Windage and handling losses of coal as per norms are included in cost of coal.

**13. FINANCE LEASES**

- 13.1 Assets taken on lease are capitalized at fair value or net present value of the minimum lease payments, whichever is lower.
- 13.2 Depreciation on the assets taken on lease is charged at the rate applicable to similar type of fixed assets as per accounting policy no. 12.2.1. If the leased assets are returnable to the lessor on the expiry of the lease period, depreciation is charged over its useful life or lease period, whichever is shorter.
- 13.3 Lease payments are apportioned between the finance charges and outstanding liability in respect of assets taken on lease.

**14. PROVISIONS AND CONTINGENT LIABILITIES**

A provision is recognised when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

**15. CASH FLOW STATEMENT**

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statements'.



## NTPC Limited Consolidated Financial Statements

## BALANCE SHEET AS AT 31st MARCH 2009

	SCHEDULE NO.	31.03.2009	Rs. million 31.03.2008
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Capital	1	82,455	82,455
Reserves and surplus	2	491,621	446,174
		574,076	528,629
<b>DEFERRED REVENUE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION</b>	3	19,360	13,734
<b>DEFERRED INCOME FROM FOREIGN CURRENCY FLUCTUATION</b>		6,077	-
<b>LOAN FUNDS</b>			
Secured loans	4	132,117	104,388
Unsecured loans	5	256,109	198,759
		388,226	303,147
<b>DEFERRED FOREIGN CURRENCY FLUCTUATION LIABILITY</b>		545	2,554
<b>DEFERRED TAX LIABILITY (NET)</b>		51,520	56,043
Less: Recoverable		51,519	56,041
		1	2
<b>MINORITY INTEREST</b>		1,662	1,242
<b>TOTAL</b>		989,947	849,308
<b>APPLICATION OF FUNDS</b>			
<b>GOODWILL ON CONSOLIDATION</b>		6	6
<b>FIXED ASSETS</b>	6		
Gross Block		647,410	556,472
Less: Depreciation		297,735	274,868
Net Block		349,655	281,604
Capital Work-in-Progress	7	247,647	206,991
Construction stores and advances	8	61,646	49,305
		658,948	537,900
<b>INVESTMENTS</b>	9	116,960	134,470
<b>DEFERRED FOREIGN CURRENCY FLUCTUATION ASSET</b>		9,734	-
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	10	33,616	27,512
Sundry debtors	11	38,189	31,727
Cash and bank balances	12	172,505	153,605
Other current assets	13	9,934	9,272
Loans and advances	14	70,389	41,041
		324,633	263,157
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	15	87,191	62,155
Provisions	16	33,143	24,070
		120,334	86,225
Net current assets		204,299	176,932
<b>TOTAL</b>		989,947	849,308
Notes on accounts	26		

Schedules 1 to 26 and accounting policies form an integral part of accounts.

For and on behalf of the Board of Directors

( A.K.RASTOGI )  
Company Secretary(A.K.SINGHAL)  
Director (Finance)( R.S. SHARMA )  
Chairman & Managing DirectorFor Varma and Varma  
Chartered Accountants(Cherian K. Baby)  
Partner  
M No.16043For S.K. Mittal & Co.  
Chartered Accountants(Gaurav Mittal)  
Partner  
M No.99387

As per our report of even date

For B.C.Jain & Co.  
Chartered Accountants(Ranjeet Singh)  
Partner  
M No.73488For Dass Gupta & Associates.  
Chartered Accountants(Ashok Kumar Jain)  
Partner  
M No.90563For Parakh & Co.  
Chartered Accountants(Aditya Rawat)  
Partner  
M No.71767For S.K. Mehta & Co.  
Chartered Accountants(Rohit Mehta)  
Partner  
M.No.91382Place : New Delhi  
Dated : 22<sup>nd</sup> May 2009



## NTPC Limited Consolidated Financial Statements

## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009

	SCHEDULE NO.	Current Year	Rs. million Previous Year
<b>INCOME</b>			
Sales (Gross)	17	444,813	388,630
Less: Electricity duty		2,360	2,280
Sales (Net)		442,453	386,350
Energy internally consumed		514	409
Provisions written back	18	171	64
Other income	19	33,334	29,547
<b>Total</b>		<b>476,472</b>	<b>416,370</b>
<b>EXPENDITURE</b>			
Fuel		273,464	222,187
Electricity purchased		15,839	9,471
Cost of material and services		1,244	1,364
Employees' remuneration and benefits	20	25,325	19,533
Generation, Administration & other expenses	21	19,749	16,842
Depreciation		24,949	22,060
Provisions	22	299	74
Interest and finance charges	23	21,435	18,581
<b>Total</b>		<b>382,304</b>	<b>310,112</b>
<b>Profit before Tax and Prior Period Adjustments</b>		<b>94,168</b>	<b>106,258</b>
Prior Period income/ expenditure (net)	24	1,095	2,748
<b>Profit before tax</b>		<b>93,073</b>	<b>103,510</b>
<b>Provision for:</b>			
Current tax			
Current year		25,896	25,042
Earlier years		(13,953)	3,680
Fringe Benefit tax			
Current year		219	226
Earlier years		-	(45)
Deferred tax	23	(4,520)	1,478
Less: Deferred tax recoverable		(4,521)	1,477
Current/Fringe Benefit Tax Transferred to expenditure during construction/Development of coal mines		15	93
		<b>12,148</b>	<b>28,811</b>
<b>Profit of the Group after tax</b>		<b>80,925</b>	<b>74,699</b>
Balance brought forward		859	1,367
Write back from Bond Redemption Reserve		1,250	1,750
Balance available for appropriation		83,034	77,816
Transfer to Bonds Redemption Reserve		4,537	3,822
Transfer to Capital Reserve		86	*
(* Rs. 12,723/-)			
Transfer to General Reserve		44,400	39,267
Dividend			
Interim		23,087	22,283
Final- Proposed		6,650	6,656
Tax on Dividend			
Interim		3,917	3,788
Final		1,130	1,141
<b>Balance carried to Balance Sheet</b>		<b>(773)</b>	<b>859</b>
<b>Expenditure during construction period (net)</b>	25		
Earning Per Share (Equity shares, face value Rs10/- each) - Basic and Diluted (Rs)		<b>9.81</b>	<b>9.06</b>
Notes on accounts	26		

Schedules 1 to 26 and accounting policies form an integral part of accounts.

Total Income includes Rs.6,395 million (Previous Year Rs.7,996 million) share of jointly controlled entities.

Total Expenditure includes Rs.7,864 million (Previous Year Rs.7,489 million) share of jointly controlled entities

For and on behalf of the Board of Directors

(A.K.RASTOGI)  
Company Secretary(A.K.SINGHAL)  
Director (Finance)(R.S. SHARMA)  
Chairman & Managing DirectorFor Varma and Varma  
Chartered Accountants(Cherian K. Baby)  
Partner  
M No.16043For S.K. Mittal & Co.  
Chartered Accountants(Gaurav Mittal)  
Partner  
M No.99387

As per our report of even date

For B.C.Jain & Co.  
Chartered Accountants(Ranjeet Singh)  
Partner  
M No.73488For Dass Gupta & Associates.  
Chartered Accountants(Ashok Kumar Jain)  
Partner  
M No.90563For Parakh & Co.  
Chartered Accountants(Aditya Rawat)  
Partner  
M No.71767For S.K. Mehta & Co.  
Chartered Accountants(Rohit Mehta)  
Partner  
M.No.91382Place : New Delhi  
Dated : 22<sup>nd</sup> May 2009



## NTPC Limited Consolidated Financial Statements

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

	Current Year	Rs. million Previous Year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and Prior Period Adjustments	94168	106,258
Adjustment for:		
Depreciation	24949	22060
Provisions	299	74
Deferred revenue on account of Advance Against Depreciation	5686	7167
Deferred Foreign Currency Fluctuation Assets/Liability	(11743)	2554
Deferred Income from foreign currency fluctuation	6470	-
Interest charges	27292	17552
Guarantee Fee & other Finance charges	360	390
Interest/Income on Bonds/Investment	(11330)	(12578)
Prior Period Adjustments (Net)	(1095)	(2748)
Dividend Income	(60)	(73)
Provisions Written Back	(171)	(64)
Others (Bonds issue and Servicing Expenses)	64	12
<b>Operating Profit before Working Capital Changes</b>	<b>40661</b>	<b>34346</b>
Adjustment for:	<b>134829</b>	<b>140604</b>
Trade and Other Receivables	(6473)	(17924)
Inventories	(5298)	(510)
Trade Payables and Other Liabilities	22031	6593
Loans and Advances	(15634)	(2249)
Other Current Assets	(1375)	317
<b>Cash generated from operations</b>	<b>(6749)</b>	<b>(13773)</b>
Direct Taxes Paid	128080	126831
<b>Net Cash from Operating Activities - A</b>	<b>(25663)</b>	<b>(26573)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>102417</b>	<b>100258</b>
Purchase of Fixed Assets	(113444)	(97079)
Purchase of Investments	0	(4385)
Sale of Investment	17500	21322
Interest/Income on Bonds/Investment Received	12053	13645
Income Tax on Interest/Income on Bonds/Investment	(59)	(131)
Dividend Received	60	73
<b>Net cash used in Investing Activities - B</b>	<b>(83890)</b>	<b>(66555)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	85185	56531
Repayment of Long Term Borrowings	(22944)	(22397)
Securities Premium on issue of Share Capital	(614)	588
Grant Received	420	840
Interest Paid	(26451)	(18386)
Guarantee Fee & other Finance charges Paid	(358)	(390)
Dividend Paid	(29743)	(28932)
Tax on Dividend	(5058)	(4921)
Others ( Equity /Bonds issue & Servicing Expenses)	(64)	(12)
<b>Net Cash flow from Financing Activities - C</b>	<b>373</b>	<b>(17079)</b>
<b>Net Increase/Decrease in Cash and Cash equivalents (A+B+C)</b>	<b>18900</b>	<b>16624</b>
<b>Cash and cash equivalents(Opening balance) *</b>	<b>153605</b>	<b>136981</b>
<b>Cash and cash equivalents(Closing balance) *</b>	<b>172505</b>	<b>153605</b>

Notes : Cash and Cash Equivalents consists of Cash in Hand and balance with Banks.

Previous year's figures have been regrouped/rearranged wherever necessary.

\* Includes Rs103 million (previous Year Rs.22 million) deposited as security with Government Authorities as per court orders.

For and on behalf of the Board of Directors

( A.K.RASTOGI )  
Company Secretary(A.K.SINGHAL)  
Director (Finance)( R.S. SHARMA )  
Chairman & Managing Director

As per our report of even date

For Varma and Varma  
Chartered AccountantsFor B.C.Jain & Co.  
Chartered AccountantsFor Parakh & Co.  
Chartered Accountants(Cherian K. Baby)  
Partner  
M No.16043(Ranjeet Singh)  
Partner  
M No.73488(Aditya Rawat)  
Partner  
M No.71767For S.K. Mittal & Co.  
Chartered AccountantsFor Dass Gupta & Associates.  
Chartered AccountantsFor S.K. Mehta & Co.  
Chartered Accountants(Gaurav Mittal)  
Partner  
M No.99387(Ashok Kumar Jain)  
Partner  
M No.90563(Rohit Mehta)  
Partner  
M.No.91382Place : New Delhi  
Dated : 22<sup>nd</sup> May 2009

## NTPC Limited Consolidated Financial Statements

## Schedule 1

## CAPITAL

## AUTHORISED

10,000,000,000 equity shares of Rs. 10/- each (Previous year 10,000,000,000 equity shares of Rs. 10/- each)

31.03.2009

Rs. million

31.03.2008

100,000

100,000

## ISSUED, SUBSCRIBED AND PAID-UP

8,245,464,400 equity shares of Rs. 10/- each fully paid up (Previous year 8,245,464,400 equity shares of Rs. 10/- each fully paid up)

82,455

82,455

## Schedule 2

## RESERVES AND SURPLUS

## Capital Reserve

As per last Balance Sheet

1,885

1,809

Add: Additions during the year ( \* Rs. 12,723/- )

86

\*

Adjustment during the year

10

-

Grants-in-aid received during the year

-

76

1,981

1,885

## Security Premium Account

22,281

22,895

## Bonds Redemption Reserve

As per last Balance Sheet

13,602

11,530

Add: Transfer from Profit and Loss Account

4,537

3,822

Less : Write back during the year

1,250

1,750

16,889

13,602

## Foreign Project Reserve

As per Balance Sheet

\*

Less: Write back during the year

-

\* Rs. 81,229/-

-

## General Reserve

As per last Balance Sheet

406,933

367,657

Add: Transfer from Profit and Loss Account

44,400

39,267

Add: Adjustment towards dividend

(26)

(23)

Less: Adjustments during the year

64

(32)

451,243

406,933

## Surplus in Profit &amp; Loss Account

(773)

859

## Total

491,621

446,174

Includes Rs. (1,101) million (Previous Year Rs.1,357 million) share of jointly controlled entities.

## Schedule 3

DEFERRED REVENUE - ON ACCOUNT OF  
ADVANCE AGAINST DEPRECIATION

As per last Balance Sheet

13,734

6,567

Add: Revenue deferred during the year

5,626

7167

## Total

19,360

13,734



## NTPC Limited Consolidated Financial Statements

## Schedule 4

## SECURED LOANS

Cash credit from scheduled banks (secured against Inventory and Trade Debtors of Kanti Bijlee Utpadan Nigam Limited.)

## Bonds

10.00% Secured Non-Convertible Taxable Bonds of Rs.10,00,000/- each with five equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of the 6<sup>th</sup> year and in annual instalments upto the end of 10<sup>th</sup> year respectively from 5<sup>th</sup> September, 2001 (Twelfth Issue - Private Placement) <sup>1</sup>

9.55% Secured Non-Cumulative Non-Convertible Taxable Redeemable Bonds of Rs. 10,00,000/- each redeemable at par in ten equal annual instalments commencing from the end of 6<sup>th</sup> year and upto the end of 15<sup>th</sup> year respectively from 18<sup>th</sup> April 2002 (Thirteenth Issue -Part A - Private Placement) <sup>2</sup>

9.55% Secured Non-Cumulative Non-Convertible Taxable Redeemable Bonds of Rs. 10,00,000/- each with ten equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of the 6<sup>th</sup> year and in equal annual instalments thereafter upto the end of 15<sup>th</sup> year resectively from 30<sup>th</sup> April, 2002 - (Thirteenth Issue - Part B - Private Placement) <sup>2</sup>

8.00% Secured Non-cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each redeemable at par on 10<sup>th</sup> April 2018 (Sixteenth Issue -Private Placement) <sup>3</sup>

8.48% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs10,00,000/- each redeemable at par on 1<sup>st</sup> May 2023 (Seventeenth Issue - Private Placement) <sup>3</sup>

5.95% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs 10,00,000/- each with five equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of 6<sup>th</sup> year and in annual instalments upto the end of 10<sup>th</sup> year respectively from 15<sup>th</sup> September 2003 (Eighteenth Issue - Private Placement) <sup>4</sup>

7.50% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs.10,00,000/- each redeemable at par on 12<sup>th</sup> January, 2019 (Nineteenth Issue - Private Placement) <sup>5</sup>

7.552% Secured Non Cumulative Non-Convertible Redeemable Taxable Bonds of Rs.20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 23<sup>rd</sup> September 2009 and ending on 23<sup>rd</sup> March 2019 (Twentieth Issue - Private Placement) <sup>6</sup>

7.7125% Secured Non-cumulative Non-convertible Redeemable Taxable Bonds of Rs.20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 2<sup>nd</sup> August 2010 and ending on 2<sup>nd</sup> February 2020 (Twenty first issue - Private Placement) <sup>7</sup>

8.1771% Secured Non-cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 2<sup>nd</sup> July 2011 and ending on 2<sup>nd</sup> January 2021 (Twenty second issue - Private Placement) <sup>8</sup>

8.3796% Secured Non-cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 5<sup>th</sup> August 2011 and ending on 5<sup>th</sup> February 2021 (Twenty third issue - Private Placement) <sup>8</sup>

8.6077% Secured Non-cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 9<sup>th</sup> September 2011 and ending on 9<sup>th</sup> March 2021 (Twenty fourth issue - Private Placement) <sup>8</sup>

9.37% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds with fourteen Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 4<sup>th</sup> June 2012 and ending on 4<sup>th</sup> December 2018 (Twenty fifth issue - Private Placement) <sup>9</sup>

9.06% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds with fourteen Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 4<sup>th</sup> June 2012 and ending on 4<sup>th</sup> December 2018 (Twenty sixth issue - Private Placement) <sup>9</sup>

11.25% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds redeemable at par in five equal annual instalments commencing from 6<sup>th</sup> Nov 2019 and ending on 6<sup>th</sup> Nov 2023 (Twenty seventh issue - Private Placement) <sup>9</sup>

11% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds redeemable at par 21<sup>st</sup> November 2018 (Twenty Eighth issue - Private Placement) <sup>9</sup>

Rs. million

31.03.2009

31.03.2008

15

29

3,000

4,000

6,750

7,500

6,750

7,500

1,000

1,000

500

500

5,000

5,000

500

500

5,000

5,000

10,000

10,000

5,000

5,000

5,000

5,000

5,000

5,000

5,000

5,000

5,000

5,000

3,500

-

10,000

-



## NTPC Limited Consolidated Financial Statements

## Schedule 4

## SECURED LOANS

	31.03.2009	Rs. million 31.03.2008
8.65% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds Redeemable at par on 4 <sup>th</sup> February 2019 (Twenty ninth issue - Private Placement) <sup>9</sup>	5,500	-
<b>Loans and Advances from Banks</b>		
Foreign Currency Term Loans (Guaranteed by Government of India) (Due for repayment within one year <b>Rs.1,398 million</b> , Previous year 1,105 million) <sup>10</sup>	7,180	7,140
Rupee Term Loans (Due for repayment within one year <b>Rs.969 million</b> , Previous year Rs. 396 million) <sup>11</sup>	14,859	19,875
<b>Other Loans and Advances</b>		
Rupee Term loans (Due for repayment within one year <b>Rs.194 million</b> , Previous year Rs.680 million) <sup>12</sup>	27,547	11,337
Obligation under finance lease (Due for repayment within one year <b>Rs.4 million</b> , Previous year Rs.3 million) <sup>13</sup>	16	7
<b>TOTAL</b>	<b>132,117</b>	<b>104,388</b>
Includes <b>Rs.42,406 million</b> (Previous Year Rs31,241 million) share of jointly controlled entities		

## Note:

- Secured by (I) English mortgage, on first charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement and (III) Equitable Mortgage, by way of first charge, by deposit of title deeds of the immovable properties pertaining to Singrauli Super Thermal Power Station.
- Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Singrauli Super Thermal Power Station by extension of charge already created.
- Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of title deeds of the immovable properties pertaining to National Capital Power Station.
- Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to National Capital Power Station by extension of charge already created.
- Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking



## NTPC Limited Consolidated Financial Statements

### Schedule 4

### SECURED LOANS

SECURED LOANS

- pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement.
- 6 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of title deeds of the immovable properties pertaining to Ramagundam Super Thermal Power Station.
  - 7 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Barh Super Thermal Power Project on first pari-passu basis, ranking pari passu with charge already created in favour of Trustee for other Series of Bonds and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Ramagundam Super Thermal Power Station by extension of charge already created.
  - 8 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of the title deeds of the immovable properties pertaining to Sipat Super Thermal Power Project.
  - 9 Secured by (I) English mortgage, on first pari passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Sipat Super Thermal Power Project by extension of charge already created.
  - 10 Secured by English mortgage/hypothecation of all the present and future fixed and movable assets of Rihand Super Thermal Power Station as first charge, ranking pari-passu with charge already created, subject to however, Company's Banker's first charge on certain movable assets hypothecated to them for working capital requirement.
  - 11 Secured by equitable mortgage/hypothecation of all the present and future Fixed Assets and Moveable Assets of Bhilai Expansion Project ( CPP-III).
  - 11 Secured by equitable mortgage/hypothecation of all the present and future Fixed Assets and Moveable Assets of the CPP-II at Rourkela, Durgapur and Bhilai.
  - 11 Secured by first charge by way of hypothecation in favour of PFC Ltd of all movable assets of Indira Gandhi Super Thermal Power Project (3X 500 MW) Coal Based Thermal Power Project at Jhajjar Distt in state of Haryana, comprising its movable plant and machinery, machinery spares, tools and accessories, furniture fixture, vehicles and all other movable assets, present and future, including intangible assets, goodwill, uncalled capital receivable of the project except for specified receivables on which first charges would be working capital lenders present and future.
  - 11 Secured by equitable mortgage/hypothecation of all the present and future Fixed Assets and Moveable Assets of Power Plant and associated LNG facilities at Village Anjanwel Guhagar, District Ratnagiri subject to first charge of Government of India to the extent of Rs.1300 crore.
  - 12 Secured by equitable mortgage/hypothecation of all the present and future Fixed Assets and Moveable Assets of Power Plant and associated LNG facilities at Village Anjanwel Guhagar, District Ratnagiri subject to first charge of Government of India to the extent of Rs.1300 crore.
  - 13 Secured against fixed assets obtained under finance lease.

## NTPC Limited Consolidated Financial Statements

## Schedule 5

## UNSECURED LOANS

	31.03.2009	Rs. million 31.03.2008
<b>Fixed Deposits</b>		
(Due for repayment within one year <b>Rs.7 million</b> , Previous year Rs.121 million)	14	130
<b>Foreign Currency Bonds/ Notes</b>		
5.5% Eurobonds due for repayment on 10 <sup>th</sup> March 2011	10,310	8,038
5.875% Fixed Rate Notes due for repayment on 2 <sup>nd</sup> March 2016	15,465	12,057
<b>Other Loans and Advances</b>		
<b>From Banks and Financial Institutions</b>		
Foreign Currency Term Loans (Guaranteed by Government of India)		
(Due for repayment within one year <b>Rs.498 million</b> , Previous year 381 Million)	28,842	22,455
Other Foreign Currency Term Loans (Due for repayment within one year		
<b>Rs.2,296 million</b> , Previous year Rs.1,589 million)	49,439	29,184
Rupee Term Loans (Due for repayment within one year		
<b>Rs.19,301 million</b> , Previous year Rs. 16,305 million )	152,038	126,859
<b>From Others</b>		
Loan from Government of India (Due for repayment within one year		
<b>Rs. 1 million</b> , Previous year Rs.36 million )	1	36
<b>TOTAL</b>	<b>256,109</b>	<b>198,759</b>



## NTPC Limited Consolidated Financial Statements

## Schedule 6

## FIXED ASSETS

Rs. million

	Gross Block				Depreciation				Net Block	
	As at 1.04.2008	Additions	Deductions/ Adjustments	As at 31.03.2009	As at 1.04.2008	For the Year	Deductions/ Adjustments	As at 31.03.2009	As at 01.04.2008	As at 31.3.2008
<b>TANGIBLE ASSETS</b>										
Land :										
(including development)										
Freehold	16054	1,230	(2,374)	19,658	-	-	-	-	19,658	16,054
Leasehold	3402	1,671	(267)	5,340	464	138	6	596	4,744	2,938
Roads, bridges, culverts & helipads	4161	96	(27)	4,284	808	71	-	879	3,405	3,353
Building :										
Freehold										
Main plant	35888	4,787	15,162	25,513	10179	678	446	10,411	15,102	25,709
Others	18046	1,443	103	19,386	4924	481	11	5,394	13,992	13,122
Leasehold	498	-	-	498	185	17	30	17	-	313
Temporary erection	241	24	1	264	238	25	-	26	-	3
Water Supply, drainage & sewerage	5290	420	(136)	5,846	2005	289	(2)	2,29	-	3,285
MGR track and signalling system	6443	2,230	14	8,659	5009	241	11	5,23	-	1,434
Railway Siding	2866	-	(35)	2,901	916	138	1	1,05	-	1,950
Earth Dam Reservoir	1470	287	-	1,757	477	81	-	55	199	993
Plant and machinery	449038	64,700	(25,323)	539,061	241569	23,553	3,074	262,04	213	207,469
Furniture, fixtures & other office equipment	3871	363	22	4,212	2481	172	27	2,626	-	1,390
EDP, WP machines and SATCOM equipment	2812	274	54	3,032	1877	255	56	2,076	956	935
Vehicles including speedboats	89	10	4	95	70	4	4	70	25	19
Construction equipment	1161	53	3	1,211	699	68	11	756	157	462
Electrical Installations	2092	168	(6)	2,266	1137	83	1	1,219	-	955
Communication Equipments	747	50	5	792	376	26	7	395	-	371
Hospital Equipments	227	10	5	232	139	9	4	144	-	88
Laboratory and workshop equipments	151	12	1	162	103	3	2	104	58	48
Leased assets - Vehicles	17	12	9	20	11	4	10	5	15	6
Capital expenditure on assets not owned by the Company	1357	80	38	1,399	977	60	-	1037	-	380
Assets held for disposal valued at net book value or net realisable value whichever is less	21	-	-	21	-	-	-	-	21	21
Assets of Government	28	-	-	28	-	-	-	-	28	28
Less: Grants from Government	28	-	-	28	-	-	-	-	28	28
<b>INTANGIBLE ASSETS</b>										
Land- Right of Use	13	-	-	13	-	-	-	-	13	13
Software	517	91	(180)	788	224	189	(1)	414	374	293
<b>Total</b>	<b>556,472</b>	<b>78,011</b>	<b>(12,927)</b>	<b>647,410</b>	<b>274,868</b>	<b>26,585</b>	<b>3,698</b>	<b>297,755</b>	<b>349,655</b>	<b>281,604</b>
Previous year	510944	41,763	(3,765)	556,472	252166	23,370	668	274,868	281,604	258,778

Net Fixed Assets includes Rs.19,891 million (Previous Year Rs.20,324 million) share of jointly controlled entities



## NTPC Limited Consolidated Financial Statements

## Schedule 7

## CAPITAL WORK-IN-PROGRESS

	2008-09				Rs. million
	As at 1.04.2008	Additions	Deductions & Adjustments	Capitalised	As at 31.03.2009
Development of land	2,648	1,187	376	8	3,451
Roads, bridges, culverts & helipads	795	243	309	83	646
Piling and foundation	7,687	2,789	1,370	-	9,106
Buildings :					
Main plant	8,432	6,099	(2,306)	4,781	12,056
Others	4,364	2,653	2,892	1,319	2,806
Temporary erection	37	45	20	18	44
Water supply, drainage and sewerage system	858	221	208	419	452
Hydraulic works, Barrages, Dams, Tunnels, and Power Channel	13,615	5,316	-	-	18,931
MGR track and signalling system	4,130	995	(74)	2,231	2,968
Railway siding	522	154	34	-	642
Earth dam reservoir	1,032	145	-	287	890
Plant and machinery	156,452	90,443	(610)	63,259	184,246
Furniture, fixtures and other office equipment	90	104	31	95	68
EDP/WP Machines & SATCOM equipment	23	74	3	62	32
Construction Equipments	2	-	-	2	-
Electrical installations	523	466	134	141	714
Communication equipment	22	28	11	17	22
Laboratory and workshop equipment	-	13	-	-	13
Intangible assets - software	188	6	180	13	1
Capital expenditure on assets not owned by the company	549	249	(72)	81	789
Exploratory Wells-In-Progress	11	21	-	-	32
Development of Coal Mines	722	245	-	-	967
	202,702	111,496	2,506	72,816	238,876
<b>Expenditure pending allocation</b>					
Survey, investigation, consultancy and supervision charges	1,028	621	22	-	1,627
Difference in exchange on foreign loans	(220)	18,168	15,884	-	2,064
Expenditure towards diversion of forest land	1,193	564	-	-	1,757
Pre-commissioning expenses (net)	759	(33)	645	-	81
Expenditure during construction	13,088	18,378*	107	-	31,359
Less: Allocated to Capital Work-in-Progress	11,427	16,542	-	-	27,969
	207,123	132,652	19,164	72,816	247,795
Less: Provision for unserviceable works	132	16	-	-	148
<b>Total</b>	<b>206,991</b>	<b>132,636</b>	<b>19,164</b>	<b>72,816</b>	<b>247,647</b>
Previous Year	160228	85571	3375	35433	206991

\* Brought from expenditure during construction period (net)-Schedule 25

Includes Rs. 33,297 million (Previous Year Rs. 21,230 million) share of jointly controlled entities



## NTPC Limited Consolidated Financial Statements

## Schedule 8

## CONSTRUCTION STORES AND ADVANCES

Rs. million

## CONSTRUCTION STORES \*

(At cost)

Steel	908
Cement	058.1
Others	

Less: Provision for shortages

## ADVANCES FOR CAPITAL EXPENDITURE

Secured

Unsecured, considered good

Covered by bank guarantees

Others

Considered doubtful

Less: Provision for bad &amp; doubtful advances

## Total

\* Includes material in transit, under inspection and with contractors

Includes Rs. 6,016 million (Previous Year Rs. 5,453 million) share of jointly controlled entities

31.3.2009

31.03.2008

	6,377
177	157
7,391	11,577
19,708	18,111
10	7
19,698	18,104
	360
	25,417
5,830	5,424
67	67
42,093	31,268
67	67
41,956	31,201
46	49,305
10,517	13,061

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## NTPC Limited Consolidated Financial Statements

Schedule 9  
INVESTMENTS

(Valuation as per Accounting policy No 10)

		Number of shares/bonds/ securities Current Year/ (Previous Year)	Face value per share/bond/ security Current Year/ (Previous Year) (Rs.)	31.03.2009	Rs. million 31.03.2008
<b>I. LONG TERM (Trade - unless otherwise specified)</b>					
<b>A) Quoted</b>					
a) Government of India Dated Securities (Non-Trade)		19139000 (19139000)	100 (100)	1875	1896
Less:- Amortisation of Premium				10	21
				1,865	1,875
b) Equity Shares (fully paid-up)					
PTC India Ltd		12000000 (12000000)	10 (10)	120	-
<b>Sub Total (A)</b>				<b>1,985</b>	<b>1,875</b>
<b>B) Unquoted (fully-paid-up)</b>					
a) Bonds					
i) 8.50 % Tax-Free State Government Special Bonds of the Government of (*)					
Andhra Pradesh		8824550 (10085200)	1000 (1000)	8,824	10,085
Assam		360248 (411712)	1000 (1000)	360	412
Bihar		13260800 (15155200)	1000 (1000)	13,261	15,155
Chattisgarh		3382540 (3865760)	1000 (1000)	3,382	3,866
Gujarat		5860680 (6697920)	1000 (1000)	5,861	6,698
Haryana		7525000 (8600000)	1000 (1000)	7,525	8,600
Himachal Pradesh		233716 (267104)	1000 (1000)	234	267
Jammu and Kashmir		2571520 (2938880)	1000 (1000)	2,571	2,939
Jharkhand		6720856 (7680976)	1000 (1000)	6,721	7,681
Kerala		7016800 (8019200)	1000 (1000)	7,017	8,019
Madhya Pradesh		5815880 (6646720)	1000 (1000)	5,816	6,647
Maharashtra		2669800 (3051200)	1000 (1000)	2,670	3,051
Orissa		7720118 (8822992)	1000 (1000)	7,720	8,823
Punjab		2423610 (2769840)	1000 (1000)	2,424	2,770
Rajasthan		1160000 (1450000)	1000 (1000)	1,160	1,450
Sikkim		239372 (273568)	1000 (1000)	239	274

**NTPC Limited Consolidated Financial Statements**

		Number of shares/bonds/ securities Current Year/ (Previous Year)	Face value per share/bond/ security Current Year/ (Previous Year) (Rs.)	31.03.2009	Rs. million 31.03.2008
	Uttar Pradesh	27929300 (31919200)	1000 (1000)	27,929	31,919
	Uttaranchal	2797550 (3197200)	1000 (1000)	2,798	3,197
	West Bengal	8219736 (9393984)	1000 (1000)	8,220	9,394
<b>ii) Other Bonds</b>					
	10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa (GRIDCO) Power Bonds, Series-1/2003 , 03/02,2009	(2660)	(25000)	-	67
	10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa (GRIDCO) Power Bonds, Series-1/2003, 06/2002 ,06/2009	3744 (3744)	12500 (37500)	47	140
	10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa (GRIDCO) Power Bonds, Series-1/2003, 06/2002 ,09/2009	3780 (3780)	12500 (37500)	47	142
	10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa (GRIDCO) Power Bonds, Series-1/2003 , 10/2002,10/2009	5970 (5970)	25000 (50000)	149	299
<b>b) Others</b>					
	Sub Total (B)			114,975	132,054
	Sub Total ( I )			116,960	133,929
<b>II. CURRENT (Non - Trade - Quoted)</b>					
	Others			-	541
	Sub Total ( II )			-	541
	Total ( I + II )			116,960	134,470

Includes **Rs. nil million** (Previous Year Rs. 700 million) share of jointly controlled entities

# Includes bonds of **Rs. 65,623 million** (previous year Rs. 65,913 million) permitted for transfer/trading by Reserve Bank of India. Balance can be transferred/ traded subject to prior approval of Reserve Bank of India.



## NTPC Limited Consolidated Financial Statements

	31.03.2009	Rs. million 31.03.2008
<b>Schedule 10</b>		
<b>INVENTORIES</b>		
(Valuation as per Accounting Policy No. 11)		
Components and spares	18,090	15,943
Loose tools	46	44
Coal	11,163	6,694
Fuel Oil	1,905	1,861
Naphtha	1,220	1,599
Chemicals & consumables	299	742
Steel Scrap	116	93
Others	1,269	835
	<b>34,108</b>	<b>27,811</b>
Less: Provision for shortages	51	23
Provision for obsolete/ unserviceable items / diminution in value of surplus stores	441	276
<b>Total</b>	<b>33,616</b>	<b>27,512</b>
Inventories include material in transit, under inspection and with contractors	<b>1,663</b>	<b>1,782</b>
Includes <b>Rs.1,015 million</b> (Previous Year Rs.612 million ) share of jointly controlled entities		

**Schedule 11****SUNDRY DEBTORS**

( Considered good, unless otherwise stated)

Debts outstanding over six months		
Unsecured	795	1,397
Considered doubtful	8,373	8,364
	<b>9,168</b>	<b>9,761</b>
Other debts		
Unsecured	37,394	30,330
Less: Provision for bad & doubtful debts	8,373	8,364
<b>Total</b>	<b>38,189</b>	<b>31,727</b>
Includes <b>Rs.1,633 million</b> (Previous Year Rs.1,398 million ) share of jointly controlled entities		



## NTPC Limited Consolidated Financial Statements

## Schedule 12

## CASH &amp; BANK BALANCES

Cash on hand (includes cheques, drafts, stamps on hand of **Rs.15 million**, previous year Rs.94 million)

Remittances in transit

Balance with Reserve Bank of India earmarked for fixed deposits from public

Balances with scheduled banks

Current Account (a)

Term Deposit Account (b)

Balance with other banks

Call Deposit Account

West LB AG, London (c)

## Total

Includes **Rs.2,273 million** (Previous Year Rs.1,369 million) share of jointly controlled entities

(a) Includes **Rs.58 million** of Unclaimed Dividend (previous year Rs.55 million).

(b) **Rs.103 million** (previous year Rs.92 million) deposited as security with Government authorities/as per court orders.

(c) Maximum amount outstanding at any time during the year **Rs.73 million** (Previous year Rs.67 million)

	31.03.2009	Rs. million 31.03.2008
Cash on hand	16	97
Remittances in transit	7	-
Balance with Reserve Bank of India earmarked for fixed deposits from public	308	308
Balances with scheduled banks		
Current Account (a)	2,894	4,419
Term Deposit Account (b)	169,280	148,715
Balance with other banks		
Call Deposit Account		66
West LB AG, London (c)		
<b>Total</b>	<b>172,505</b>	<b>153,605</b>

## Schedule 13

## OTHER CURRENT ASSETS

Interest accrued :

Bonds

Government of India Dated Securities

Term Deposits

Others

Other Recoverables

Others

## Total

Includes **Rs. 64 million** (Previous Year Rs. 34 million) share of jointly controlled entities

Bonds	5,237	5,950
Government of India Dated Securities	47	47
Term Deposits	4,323	2,917
Others	143	225
Other Recoverables	130	125
Others	54	8
<b>Total</b>	<b>9,934</b>	<b>9,272</b>

## NTPC Limited Consolidated Financial Statements

## Schedule 14

## LOANS AND ADVANCES

Rs. million

(Considered good, unless otherwise stated)

## LOANS

Employees (including accrued interest)

	31.03.2009	31.03.2008
Secured	3,980	4,457
Unsecured	1,054	809
Considered doubtful	2	2

Loan to State Government in settlement of dues from customers

Unsecured	7,179	8,137
-----------	-------	-------

Others

Secured	2,200	2,204
Unsecured	8	-

## ADVANCES

(recoverable in cash or kind for value to be received)

Contractors &amp; suppliers, including material issued on loan

Secured	37	48
Unsecured	10,505	1,610
Considered doubtful	1	1

Advance tax &amp; tax deducted at source

71,611	69,065
--------	--------

Less : Provision for taxation

35,947	50,469
--------	--------

35,664	18,596
--------	--------

Employees (including imprest)

Unsecured	3,373	1,624
Considered doubtful	1	1

Others

Unsecured	1,616	622
Considered doubtful	152	294

65,772	38,405
--------	--------

Claims recoverable

Unsecured	3,327	1,744
Considered doubtful	34	33

Less: Provision for bad and doubtful loans, advances and claims

190	331
-----	-----

68,943	39,851
--------	--------

## DEPOSITS

Deposits with customs, port trust and others

1,446	1,190
-------	-------

## Total

70,389	41,041
--------	--------

Includes Rs. 1,523 million (Previous Year Rs. 861 million) share of jointly controlled entities

**NTPC Limited Consolidated Financial Statements**

## Schedule 15

## CURRENT LIABILITIES

Rs. million

Sundry Creditors		
For capital expenditure		
Micro & Small Enterprises (* Rs. 2,03,017/-)	*	2
Others	25,525	17,547
For goods and services		
Micro & Small Enterprises	11	14
Others	29,744	17,992
Book Overdraft	967	304
Deposits, retention money from contractors and others	14,003	16,639
Less: Bank Deposits/Investments held as security	135	150
	70,115	52,348
Advances from customers and others	4,908	3,156
Other liabilities	8,352	3,679
Unclaimed dividend (*)	58	55
Interest accrued but not due :		
Loans from Government of India (* Rs.60,080/-)	*	1
Foreign currency loans/bonds	443	372
Term loans in Indian currency	1,286	1,001
Bonds	2,025	1,537
Fixed deposits from public	4	6
<b>Total</b>	<b>87,191</b>	<b>62,155</b>

(#) No amount is due for payment to Investor Education and Protection Fund

Includes **Rs. 5,652 million** (Previous Year Rs. 3,631 million) share of jointly controlled entities



## NTPC Limited Consolidated Financial Statements

## Schedule 16

## PROVISIONS

	31.03.2009	Rs. million 31.03.2008
Income/Fringe Benefit Tax		
As per last balance sheet	9	20
Additions during the year	12,023	28,903
Amount adjusted during the year	23,698	21,555
Less: Set off against Advance tax	35,730	50,469
		9
Proposed dividend		
As per last balance sheet	6,656	6,649
Additions during the year	6,650	6,656
Amounts used during the year	6,656	6,649
	6,650	6,656
Tax on proposed dividend		
As per last balance sheet	1,141	1,133
Additions during the year	1,130	1,141
Amounts paid during the year	1,141	1,133
	1,130	1,141
Employee Benefits		
As per last balance sheet	15,444	9,065
Additions during the year	8,627	7,302
Amounts paid during the year	1,931	923
	22,140	15,444
Obligations incidental to land acquisition		
Additions during the year	3,197	-
Amount used during the year	1	-
	3,196	-
Others		
As per last balance sheet	820	291
Additions during the year	10	533
Amounts adjusted during the year	801	3
Amounts reversed during the year	2	1
	27	820
<b>Total</b>	<b>33,143</b>	<b>24,070</b>

Includes Rs. 589 million (Previous Year Rs. 211 million) share of jointly controlled entities



## NTPC Limited Consolidated Financial Statements

## Schedule 17

## SALES

Energy Sales (including Electricity Duty) \*  
 Less : Advance against Depreciation deferred  
 Add: Revenue recognised out of Advance against Depreciation  
 Exchange fluctuation receivable from customers

Consultancy, project management and supervision fees(including turnkey construction projects)

## Total

\* Includes **Rs.7,583 million** (previous year Rs.22,761 million) on account of income tax recoverable from beneficiaries as per CERC Regulations

Includes **Rs.6,429 million** (Previous Year Rs.8,106 million) share of jointly controlled entities

## Current Year

445,043

5,816

1,894

441,311

3,502

444,813

of slubert2

21

Rs. million

Previous Year

392,610

7,167

250

385,693

2,937

388,630

## Schedule 18

## PROVISIONS WRITTEN BACK

Doubtful debts  
 Doubtful loans, advances and claims  
 Doubtful construction advances  
 Shortages in construction stores  
 Shortages in stores  
 Obsolescence in stores  
 Unserviceable Capital work-in-progress  
 Others

## Total

Includes **Rs. Nil** (Previous Year Rs. Nil) share of jointly controlled entities

of slubert2

21

Rs. million

Previous Year

1

145

4

1

8

2

171

8

1

1

15

36

-

3

64

100

200

3

1

008

000

000

000

of slubert2

21

Rs. million

Previous Year

Additional provision

Amounts written back

Amounts written back

Total

Includes Rs. 282 million (Previous Year Rs. 211 million) share of jointly controlled entities

## NTPC Limited Consolidated Financial Statements

## Schedule 19

## OTHER INCOME

## Income from Long Term Investments

## Trade

Dividend from Joint Ventures	60	73
Interest (Gross)		
Government Securities (8.5% tax free bonds issued by the State Government)	10,805	12,209
Other Bonds (Tax deducted at source <b>Rs.12 million</b> , previous year Rs.21 million)	43	83

## Non-Trade

Interest from Government of India Securities (Gross)	131	156
Less: Amortisation of premium	10	21

## Income from Current Investments (Non-Trade)

Income on redemption of Investments	-	151
Dividend from Mutual Fund Investments	361	-

## Income from Others

Interest (Gross) (Tax deducted at source <b>Rs. 3812 million</b> , previous year Rs. 3,308 million)		
Loan to State Government in settlement of dues from customers	671	752
Indian banks	16,158	14,253
Foreign banks	(15)	5
Employees' loans	177	196
Customers	967	-
Others	606	399
Interest on Income Tax refunds	3,306	1
Less: Refundable to customers	1,107	-

Surcharge received from customers	2,199	1
Hire charges for equipment	69	171
Profit on sale of fixed assets	13	26
Exchange Differences	127	21
Miscellaneous income	633	-
	1,498	1,609

	34,493	30,084
Less: Transferred to expenditure during construction-Schedule 25	548	536
Transferred to development of coal mines	1	1
Transferred to Deferred Foreign Currency Fluctuation Assets/Liability	610	-

## Total

Includes **Rs.109 million** (Previous Year Rs.56 million) share of jointly controlled entities

## Schedule 20

## EMPLOYEES' REMUNERATION AND BENEFITS

Salaries, wages, bonus, allowances & benefits	19,958	17,623
Contribution to provident and other funds	6,847	2,214
Welfare expenses	3,285	3,326

	30,090	23,163
Less: Allocated to fuel cost	1,229	975
Transferred to Development of Coal Mines	158	90
Transferred to expenditure during construction -Schedule 25	3,378	2,565

## Total

Includes **Rs. 402 million** (Previous Year Rs. 335 million) share of jointly controlled entities



## NTPC Limited Consolidated Financial Statements

## Schedule 21

## GENERATION, ADMINISTRATION &amp; OTHER EXPENSES

Rs. million

	Current Year	Previous Year
Power charges	1,052	784
Less: Recovered from contractors/employees	128	120
	924	664
Water charges	997	813
Stores consumed	327	277
Rent	201	190
Less: Recoveries	56	76
	145	114
Repairs & Maintenance		
Buildings	971	789
Plant & Machinery		
Power station	10,236	9,568
Construction equipment	10	10
	10,246	9,578
Others	836	430
Insurance	605	552
Rates and taxes	221	199
Water Cess & Environment Protection Cess	255	229
Training & Recruitment expenses	431	356
Less: Fees for training and application	36	17
	395	339
Communication expenses	293	288
Travelling Expenses	1,358	1,186
Tender expenses	249	150
Less: Receipt from sale of tenders	25	14
	224	136
Payment to Auditors	26	22
Advertisement and publicity	111	96
Security expenses	1,724	1,739
Entertainment expenses	144	121
Expenses for guest house	104	84
Less: Recoveries	12	11
	92	73
Education expenses	184	181
Brokerage & commission	15	13
Donations	1	6
Community development and welfare expenses	145	159
Less Grants-in-aid	9	22
	136	137
Ash utilisation & marketing expenses	47	69
Less: Sale of ash products (* Rs.2,51,280/-)	*	-
	47	69
Books and periodicals	18	28
Professional charges and consultancy fees	526	310
Legal Expenses	69	67
EDP hire and other charges	128	107
Printing and stationery	108	91
Oil & gas exploration Expenses	87	107
Miscellaneous expenses	1,468	818
Stores written off	8	2
Claims/Advances written off	2	32
Survey & Investigation expenses written off	41	31
Loss on disposal/write-off of fixed assets	424	137
	23,156	19,781
Less: Allocated to fuel cost	1,450	1,134
Transferred to Development of Coal Mines	85	173
Transferred to expenditure during construction - Schedule 25	1,872	1,632
<b>Total</b>	<b>19,749</b>	<b>16,842</b>
Spares consumption included in repairs and maintenance	6,014	5856
Includes Rs. 1,262 million (Previous Year Rs. 508 million) share of jointly controlled entities		



## NTPC Limited Consolidated Financial Statements

## Schedule 22

## PROVISIONS

Doubtful debts
Doubtful advances and claims
Doubtful advances for construction
Shortage in stores
Obsolete / diminution in value of surplus stores
Shortage in construction stores
Unserviceable capital work in progress
Others

## Total

Includes Rs.53 million (Previous Year Rs.2 million) share of jointly controlled entities

## Current Year

12

4

-

53

178

8

16

28

299

Rs. million  
Previous Year

3

13

1

14

31

5

2

5

74

## Schedule 23

## INTEREST AND FINANCE CHARGES

## Interest on :

Bonds
Loans from Government of India
Foreign Currency Term Loans
Rupee Term loans
Public deposits
Foreign currency Bonds/ Notes
Amount payable to Customers
Others
Exchange differences regarded as adjustment to interest cost

6,052

5

2,301

13,729

3

1,738

72

704

2,688

27,292

5,002

11

1,728

10,401

13

1,461

15

176

(1,255)

17,552

## Finance Charges :

Bonds servicing & public deposit expenses
Guarantee Fee
Management Fee
Commitment charges/ Exposure premium
Rebate to customers
Reimbursement of L.C. Charges on Sales Realisation
Bank Charges
Bond Issue Expenses
Legal Expenses on Foreign Currency Loans
Exchange differences
Foreign currency bonds / notes expenses
Others

18

340

11

9

6,748

133

30

45

-

610

1

29

7,974

35,266

13,489

342

21,435

10

334

41

15

7,200

85

19

1

1

490

1

24

8,221

25,773

7,192

-

18,581

## Sub Total

Less: Transferred to expenditure during construction - Sch 25

Transferred to Deferred Foreign Currency Fluctuation Assets/liability

## Total

Includes Rs. 1,247 million (Previous Year Rs. 619 million) share of jointly controlled entities



## NTPC Limited Consolidated Financial Statements

## Schedule 24

## PRIOR PERIOD INCOME/EXPENDITURE (NET)

## INCOME

Sales

4,647

(5,561)

Others

(14)

2

4633

(5,559)

## EXPENDITURE

Salary, wages, bonus, allowances &amp; benefits

(3)

17

Repairs and Maintenance

4

6

Depreciation

(2376)

61

Interest including exchange differences regarded as adjustment to interest cost

7539

7

Insurance

(1)

-

Rebate to Customers

-

(399)

Advertisement and publicity

1

(1)

Professional consultancy charges

20

5

Rates &amp; Taxes

(14)

6

Power Charges

-

12

Rent

1

-

Fuel

-

(2,502)

Depreciation Adjustment out of deferred Expenses/Income from Foreign Currency Fluctuation

736

-

Exchange Differences

(469)

-

Others

15

5

5453

(2,783)

## Net Expenditure / Income

820

2,776

Less: Transferred to expenditure during construction- Sch 25

(24)

28

Transferred to Deferred Foreign Currency Fluctuation Assets/liability

(251)

-

## Total

1095

2,748

Includes Rs.9 million (Previous Year Rs.4 million) share of jointly controlled entities

## NTPC Limited Consolidated Financial Statements

## Schedule 25

## EXPENDITURE DURING CONSTRUCTION PERIOD (NET)

## A. Employees remuneration and other benefits

	Current Year	Rs. million Previous Year
Salaries, wages, allowances and benefits	2,291	1,921
Contribution to provident and other funds	711	270
Welfare expenses	376	374
<b>Total (A)</b>	<b>3,378</b>	<b>2,565</b>

## B. Other Expenses

Power charges	525	362
Less: Recovered from contractors & Employees	9	7
	516	355
Water Charges	3	4
Rent	36	43
Repairs & maintenance		
Buildings	52	60
Construction equipment	59	144
Others	107	79
	218	283
Insurance	11	60
Rates and taxes	25	25
Communication expenses	42	46
Travelling expenses	272	190
Tender expenses	81	32
Less: Income from sale of tenders	-	-
	81	32
Payment to Auditors	-	2
Advertisement and publicity	14	28
Security expenses	206	178
Entertainment expenses	24	20
Guest house expenses	14	14
Education expenses	1	2
Books and periodicals	6	3
Community development expenses	14	20
Professional charges and consultancy fee	63	31
Legal expenses	25	20
EDP Hire and other charges	8	15
Printing and stationery	11	13
Miscellaneous expenses	282	248
<b>Total (B)</b>	<b>1,872</b>	<b>1,632</b>
<b>Depreciation (C)</b>	<b>197</b>	<b>213</b>
<b>Total (A+B+C)</b>	<b>5,447</b>	<b>4,410</b>



## NTPC Limited Consolidated Financial Statements

## Schedule 25

## EXPENDITURE DURING CONSTRUCTION PERIOD (NET)

## D. Interest and Finance Charges Capitalised

## Interest on

Bonds

3,225

2,100

Foreign Currency Term Loans

1,179

899

Rupee Term loans

7,484

5,191

Foreign Currency Bonds/Notes

651

816

Others

2

-

Exchange Differences regarded as adjustment to Interest Cost

811

(2,378)

## Finance Charges

Commitment Charges

6

15

Management fee / arrangers fees

-

40

Legal Expenses on Foreign Currency Loans

-

1

Exchange Differences

-

464

Foreign Currency Bonds/Notes expenses

2

2

Others

129

42

**Total (D)****13,489****7,192**

## E. Less Other Income

## Interest from

Indian Banks

84

76

Employees

-

29

Others

301

126

Hire Charges

12

21

Sale of scrap

4

23

Miscellaneous income

147

261

**TOTAL (E)****548****536**

## F. Prior Period Adjustments

(24)

28

## G. Income/Fringe Benefit Tax

14

92

**GRAND TOTAL (A+B+C+D-E+F+G)****18,378 \*****11,186**

\* Balance carried to Capital work in progress-Schedule -7

Includes Rs 1,555 million (Previous Year Rs.628 million) share of jointly controlled entities



## NTPC Limited Consolidated Financial Statements

### SCHEDULE 26

### NOTES ON ACCOUNTS

#### 1. BASIS OF CONSOLIDATION

1.1 The consolidated financial statements relate to NTPC Ltd. (The Company), its Subsidiaries and interest in Joint Ventures.

##### a) Basis of Accounting:

- i) The financial statements of the subsidiary companies in the consolidation are drawn up to the same reporting date as of the company.
- ii) The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21 - 'Consolidated Financial Statements' and Accounting Standard (AS) 27 - 'Financial Reporting of Interest in Joint Ventures' of Companies (Accounting Standards) Rules, 2006 and generally accepted accounting principles.

##### b) Principles of consolidation:

The consolidated financial statements have been prepared as per the following principles:

- i) The financial statements of the company and its subsidiaries are combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions, unrealised profits or losses and minority interest has been separately disclosed.
- ii) The consolidated financial statements include the interest of the company in joint ventures, which has been accounted for using the proportionate consolidation method of accounting and reporting whereby the company's share of each of assets, liabilities, income and expenses of a jointly controlled entity is considered as separate line item.
- iii) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements except as otherwise stated in the notes to the accounts.
- (iv) The difference between the cost of investment in the investment in the joint venture and the share of net assets at the time of acquisition of shares in the joint venture is identified in the financial statements as goodwill or capital reserve as the case may be.

1.2 The Subsidiary and Joint Venture Companies considered in the financial statements are as follows:

Name of the Company	Proportion (%) of Shareholding as on	
	31.3.2009	31.3.2008
<b>Subsidiary Companies:</b>		
NTPC Electric Supply Company Ltd.(including its 50% interest in KINESCO Power & Utilities Pvt.Ltd.* a joint venture with KINFRA, a statutory body of Government of Kerala)	100	100
NTPC Hydro Ltd.	100	100
Pipavav Power Development Company Ltd.	100	100
NTPC Vidyut Vyapar Nigam Ltd.	100	100
Kanti Bijlee Utpadan Nigam Ltd.(Formerly known as Vaishali Power Generation Company Ltd.	51	51
Bharatiya Rail Bijlee Company Limited	74	74
<b>Joint Venture Companies:</b>		
Utility Powertech Ltd.	50	50
NTPC - Alstom Power Services Private Ltd.	50	50
NTPC-SAIL Power Company Private Ltd.	50	50
NTPC-Tamilnadu Energy Company Ltd.	50	50
Ratanagiri Gas & Power Private Limited *	28.33	28.33
Aravali Power Company Private Ltd.	50	50
NTPC-SCCL Global Ventures Private Ltd.	50	50
Meja Urja Nigam Private Ltd.	50	-
NTPC - BHEL Power Projects Private Ltd.	50	-
BF - NTPC Energy Systems Ltd.	49	-
Nabinagar Power Generating Company Private Ltd.	50	-
National Power Exchange Ltd.*	16.67	-

\* The financial statements are un-audited.

All the above Companies are incorporated in India.

During the year, the company reviewed the applicability of the provisions of Accounting Standard (AS) 18 'Related Party Disclosures' and AS 27 to 'Financial Reporting of Interests in Joint Ventures' to the investment made in PTC India Ltd. The company is of the view that provisions of these Standards are not applicable to investment in PTC India Ltd. and the same has been excluded from the disclosures during the year.



### NTPC Limited Consolidated Financial Statements

- 1.3 Meja Urja Nigam Limited was incorporated on 2<sup>nd</sup> April, 2008, in which 50% shares are held by NTPC Ltd. and 50 % shares are held by Uttar Pradesh Rajkiya Vidyut Utpadan Nigam Ltd.
- 1.4 NTPC-BHEL Power Projects Pvt.Ltd. was incorporated on 28<sup>th</sup> April, 2008, in which 50% shares are held by NTPC Ltd. and 50 % shares are held by BHEL.
- 1.5 BF-NTPC Energy Systems Ltd. was incorporated on 19<sup>th</sup> June, 2008, in which 49% shares are held by NTPC Ltd. and 51 % shares are held by Bharat Forge Ltd.
- 1.6 Nabinagar Power Generating Company Pvt.Ltd. was incorporated on 9<sup>th</sup> September, 2008, in which 50% shares are held by NTPC Ltd. and 50 % shares are held by Bihar State Electricity Board.
- 1.7 National Power Exchange Ltd. was incorporated on 11<sup>th</sup> December, 2008, in which 50% shares held by NTPC Ltd., Power Finance Corporation Ltd. and NHPC Ltd. in equal proportion and 50% shares are held by Tata Consultancy Services Ltd.
- 1.8 **Joint Venture Operations:** The Company along-with M/s Geopetrol International Inc. and M/s Canoro Resources Ltd., (the consortium) has been allotted with an oil and gas block in the State of Arunachal Pradesh. The consortium has entered into a Production Sharing Contract (PSC) with GOI for exploration and production of oil and gas. The Company is a non-operator and has 40% share in expenses, income, assets and liabilities with a minimum work programme commitment of **Rs. 636 million** (previous year Rs.563 million) as per the PSC.

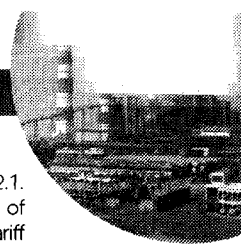
The other two consortium partners viz. M/s Geopetrol International Inc. and M/s Canoro Resources Ltd. each initially had 30 % participating interest in the Block. M/s Canoro Resources Ltd. had off-loaded 50% of their participating interest to M/s Brownstone Ventures Inc. which was approved by GOI in December 2007 and the consequent amendment to the PSC has been executed on 2<sup>nd</sup> December 2008.

Based on the audited statement of accounts of the block, the Company's share of assets and liabilities as at 31<sup>st</sup> March 2009 and expenditure for the year ended on that date in respect of above joint venture operation has been accounted for as under:

(Rs. million)

Item	2008-09 (Audited)	2007-08 (Audited)
Expenses	87	107
Fixed Assets including Capital work-in-progress	35	14
Other Assets	54	58
Current Liabilities	3	13

2. a) The conveyancing of the title to **11,374 acres** of freehold land of value **Rs. 5,464 million** (previous year 10,288 acres of value Rs.3,563 million) and buildings & structures valued at **Rs.1,137 million** (previous year Rs.782 million), as also execution of lease agreements for **9,444 acres** of value **Rs.2,755 million** (previous year 9,121 acres of value Rs.1,770 million) in favour of the Company are awaiting completion of legal formalities.
- b) Land does not include cost of **1,181 acres** (previous year 1,181 acres) of land in possession of the Company. This will be accounted for on settlement of the price thereof by the State Government Authorities.
- c) Land includes **1,223 acres** of value **Rs. 110 million** (previous year 1,334 acres of value Rs.113 million) not in possession of the Company. The Company is taking appropriate steps for repossession of the same.
- d) Land includes an amount of **Rs.1,243 million** (previous year Rs.1,590 million) deposited with various authorities in respect of land in possession which is subject to adjustment on final determination of price.
- e) The cost of right of use of land for laying pipelines amounting to **Rs. 13 million** (previous year Rs.13 million) is included under intangible assets. The right of use is perpetual in nature and accordingly not amortised.
3. a) The Central Electricity Regulatory Commission (CERC) has notified by Regulations in March 2004, the terms and conditions for determination of tariff applicable with effect from 1<sup>st</sup> April 2004 for a period of five years. The CERC has issued final tariff orders for all the stations/units except for two stations (four units), where sales of **Rs.13,172 million**, for the current year (previous year Rs.15,028 million) have been recognised based on provisional tariff orders issued by CERC.
- b) In respect of stations/units where the CERC had issued final tariff orders applicable from 1<sup>st</sup> April 2004, the Company aggrieved over many of the issues as considered by the CERC in the tariff orders, filed an appeal with the Appellate Tribunal for Electricity (ATE). The ATE has disposed off the appeal favourably directing the CERC to revise the tariff orders as per the directions and methodology given. The CERC has filed an appeal with the Hon'ble Supreme Court of India on some of the issues decided by the ATE which is pending and is yet to issue the revised tariff orders for the balance issues in respect of some of the stations as per the directions of the ATE. Sales for the year in respect of these stations amounting to **Rs.370,661 million** (previous year Rs.307,013 million) have been accounted for based on provisional tariff worked out by the Company as per the methodology and directions as decided by the ATE.
- c) Sales in respect of one of the stations has been provisionally recognised at **Rs.14,402 million** (previous year Rs.13,074 million) on the basis of principles enunciated under CERC Regulations, 2004, as against the billing of **Rs.14,569 million** (previous year Rs.13,258 million) as per tariff order issued by CERC, prior to the takeover of the station by the company.
- d) Sales of **Rs.10,201 million** (previous year Rs.11,336 million) pertaining to previous years has been recognised based on the orders issued by CERC/ATE.



### NTPC Limited Consolidated Financial Statements

- 4 Depreciation has been charged at the rates specified in Schedule XIV of the Companies Act, 1956 except as stated in accounting policy no.12.2.1. Government of India in January 2006 notified the Tariff Policy under the provisions of the Electricity Act, 2003 which provides that the rates of depreciation notified by the CERC would be applicable for the purpose of tariff as well as accounting. Subsequent to the notification of the Tariff Policy, CERC has not notified the rates of depreciation. The Company has been advised that the Tariff Policy cannot override the provisions of the Companies Act, 1956 and it is required to follow Schedule XIV of the Companies Act, 1956 in the absence of any specific deviation contained in the Electricity Act, 2003 which could be said to have been saved by Section 616 of the Companies Act, 1956. The Company has also been advised that there is no such provision in the Electricity Act, 2003 either prescribing the rates of depreciation for the generating Company or otherwise empowering any authority for providing depreciation rates for accounting purposes in supercession of the provisions of the Companies Act, 1956.
- 5 Due to uncertainty of realisation in the absence of sanction by the Government of India (GOI), the Company's share of net annual profits of one of the stations taken over by the Company in June 2006 for the period 1<sup>st</sup> April 1986 to 31<sup>st</sup> May 2006 amounting to **Rs. 1,155 million** (previous year Rs.1,155 million) being balance receivable in terms of the management contract with the GOI has not been recognised.
- 6 The pay revision of the employees of the Company is due w.e.f 1<sup>st</sup> January 2007. Pending implementation of pay revision, provision for the year **Rs. 5,342 million** (previous year Rs.4,094 million) and up to the year **Rs.10,415 million** (upto previous year 31<sup>st</sup> March 2008 Rs.5,073 million) has been made towards wage revision on an estimated basis having regard to the guidelines issued by Department of Public Enterprises, GOI. A sum of **Rs.3,142 million** (previous year Rs. 1,444 million) paid as adhoc advance towards pay revision is included in 'Loans and Advances' (Schedule 14).
- 7 In accordance with the Uttar Pradesh Electricity Reforms (Transfer of Tanda Generation Undertaking) Scheme 2000, the assets for **Rs. 6,070 million** (previous year Rs.6,070 million) of Tanda Power Station of UP State Electricity Board (UPSEB) were handed over to the Company free from all encumbrances. However, the mortgage created by UPSEB on fixed assets in favour of Life Insurance Corporation of India (LIC) before the assets were taken over was not vacated.  
During the year, Uttar Pradesh Rajkiya Vidyut Utpadan Nigam Ltd (erstwhile UPSEB) has confirmed the repayment of loan to LIC and that the process of de-mortgage of fixed assets of Tanda Power Station is in progress.
- 8 The amount reimbursable to GOI in terms of Public Notice No.38 dated 5<sup>th</sup> November, 1999 and Public Notice No.42 dated 10<sup>th</sup> October, 2002 towards cash equivalent of the relevant deemed export benefits paid by GOI to the contractors for one of the stations amounted to **Rs.2,768 million** (previous year Rs.2,768 million) out of which **Rs.2,696 million** (previous year Rs.2,696 million) has been deposited with the GOI and liability for the balance amount of **Rs.72 million** (previous year Rs.72 million) has been provided for. No interest has been provided on the reimbursable amounts as there is no stipulation for payment of interest in the public notices cited above.
9. Based on the opinions of the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI) received during the year, in respect of land in possession of the company, provision of **Rs.3,197 million** has been made towards expenditure on resettlement & rehabilitation activities including the amount payable to the project affected persons (PAPs) towards land for land option, resettlement grant or other grants, providing community facilities and compensatory afforestation, greenbelt development & loss of environmental value etc. based on the Rehabilitation Action Plan (RAP) of the Company or as per the agreement with/demand letters/directions of the local authorities and the same is included in the cost of land.
10. Consequent to the issuance of the new Coal Distribution Policy by Ministry of Coal in October 2007, the Company and Coal India Ltd. (holding Company of the coal suppliers), revisited the Model Coal Supply Agreement (CSA) initialled in March 2007. The new CSA, which is in advance stage of finalisation, would be valid for 20 years with a provision for review after every 5 years. On finalisation, separate CSAs would be signed by each station with the respective subsidiaries of Coal India Ltd.
11. The Company challenged the levy of transit fee/entry tax on supplies of coal to some of its power stations and has paid under protest such transit fee/entry tax to Coal Companies/Sales Tax Authorities. Further, in line with the agreement with GAIL, the Company has also paid entry tax and sales tax on transmission charges in respect of supplies made to various stations in the state of Uttar Pradesh. GAIL has paid such taxes to the appropriate authorities under protest and filed a petition before the Hon'ble High Court of Allahabad challenging the applicability of relevant Act.  
In case the Company gets refund from Coal Companies/Sales Tax Authorities/GAIL on settlement of these cases, the same will be passed on to respective beneficiaries.
12. a) Balances shown under advances, creditors and material lying with contractors and material issued on loan in so far as these have since not been realised/discharged or adjusted are subject to confirmation/reconciliation and consequential adjustment, if any.  
b) In the opinion of the management, the value of current assets, loans and advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
13. Effect of changes in Accounting Policies:
  - a) i) Based on the opinions of the EAC of the ICAI, pronounced during the year, with regard to accounting of exchange differences arising from restatement/settlement of foreign currency monetary items, the following adjustments have been carried out:
    - (i) Exchange differences (gain) of **Rs.7,536 million** in respect of foreign currency loans contracted before 1<sup>st</sup> April 2004, which were hitherto treated as borrowing cost and recognised in the Profit and Loss Account have been adjusted in the cost of related assets by debit to 'Prior Period Interest' (Schedule - 24). Due to the above adjustment, depreciation of **Rs.2,478 million** pertaining to previous years has been written back through 'Prior Period Depreciation' (Schedule - 24) and depreciation for the year is lower by **Rs.408 million**.
    - (ii) Exchange differences (gain) of **Rs. 99 million** for the financial years 2004-05 to 2006-07 arising from restatement/settlement of foreign currency monetary items in respect of transactions entered into on or after 1<sup>st</sup> April 2004, which were hitherto treated as Incidental Expenditure During Construction (IEDC) at units under construction have been recognized in the Profit & Loss Account through 'Prior Period Interest/Exchange differences' (Schedule - 24). Due to the above adjustment, depreciation amounting to **Rs. 2 million** pertaining to previous years has been charged to 'Prior Period Depreciation' (Schedule - 24) and depreciation for the year is higher by **Rs. 5 million**.





## NTPC Limited Consolidated Financial Statements

II) In line with the Central Government Gazette Notification No.193 dated 31<sup>st</sup> March 2009 amending Accounting Standard (AS) – 11 on 'The Effects of Changes in Foreign Exchange Rates', the Company has exercised the option to adjust with effect from the financial year 2007-08, the exchange differences arising from restatement/settlement of long term foreign currency monetary items relating to acquisition of depreciable capital assets in the cost of related assets and depreciate the same over the balance life of the asset. Accordingly, the Company adjusted exchange differences arising for the financial year 2007-08 and 2008-09 amounting to **Rs.152 million** included in the cost of related assets, of this a sum of **Rs.2 million** relating to the year 2007-08 has been credited to the General Reserve as per the transitional provisions in the aforesaid Notification. Consequently, depreciation for the year is higher by **Rs. 30 million**.

III) Consequent to the change in the accounting policies as detailed in (I) and (II) above, the balance of **Rs.2,554 million** as on 31<sup>st</sup> March 2008 in the 'Deferred Foreign Currency Fluctuation Liability' has been written back through 'Prior Period Sales' (Schedule-24). In respect of operating stations, an amount of **Rs.2,080 million** recoverable from the beneficiaries in future years as per CERC Regulations corresponding to exchange differences recognised in the Profit & Loss Account for the periods up to 31<sup>st</sup> March 2008 has been recognised as 'Deferred Foreign Currency Fluctuation Asset' through 'Prior Period Sales' (Schedule - 24). Similarly, **Rs.4,144 million** to be passed on to the beneficiaries in future years corresponding to exchange differences adjusted in the cost of related assets up to 31<sup>st</sup> March 2008 has been recognised as 'Deferred Foreign Currency Fluctuation Liability' by debit to 'Deferred Expenditure from Foreign Currency Fluctuation'. Due to accounting of such exchange differences, corresponding decrease in depreciation amounting to **Rs.736 million** has been credited to 'Deferred Expenditure from Foreign Currency Fluctuation' by debit to 'Prior Period Depreciation out of Deferred Expenses/Income from Foreign Currency Fluctuation' (Schedule - 24).

In case of projects under construction, 'Deferred Foreign Currency Fluctuation Asset/Liability' has been created corresponding to exchange differences recognised in the statement of Profit & Loss Account which are admissible for inclusion in capital cost for tariff determination as per CERC Regulations, relating to prior years (Schedule -24) **Rs.250 million** and current year **Rs.268 million**.

As a result, net profit for the year is lower by **Rs.639 million**.

b) Expenses common to operation and construction activities were hitherto allocated to Profit & Loss Account and Incidental Expenditure during Construction in proportion of sales to annual capital outlay in the case of Corporate Office and sales to accretion to capital work-in-progress in the case of projects. Consequent upon the withdrawal of Guidance Note on 'Treatment of Expenditure during Construction Period' by the ICAI, the Company has identified and allocated on a systematic basis the administration and general overhead expenses attributable to construction of fixed assets at the corporate office and construction projects and included the same in capital work-in-progress. Due to this, profit for the year and fixed assets/capital work-in-progress are lower by **Rs. 742 million**.

14. The Company has progressively implemented SAP-ERP System w.e.f. 1<sup>st</sup> June 2007. As a result, the valuation of inventory items has undergone a change from monthly weighted average to moving weighted average at the units where ERP system has been implemented during the year. Due to the above change, impact on profit for the year if any, is not ascertainable.

15. Revenue Grants recognised during the year is **Rs. 9 million** (previous year Rs. 22 million).

16. **Disclosure as per Accounting Standard (AS) 15:**

General description of various defined employee benefit schemes are as under:

### A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the year is recognised as expense and is charged to the Profit & Loss Account. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by GOI. As per report of the actuary, overall interest earnings and cumulative surplus is more than the statutory interest payment requirement. Hence no further provision is considered necessary.

### B. Gratuity & Pension

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of **Rs.1 million** (previous year Rs.0.35 million), on superannuation, resignation, termination, disablement or on death. The Company has a scheme of pension at one of the stations in respect of taken over employees from erstwhile State Government Power Utility. These schemes are funded by the Company and are managed by separate trusts. The liability for the same is recognised on the basis of actuarial valuation.

### C. Post-Retirement Medical Facility (PRMF)

The Company has Post-Retirement Medical Facility (PRMF), under which retired employee and the spouse are provided medical facilities in the Company hospitals / empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company.

### D. Terminal Benefits

Terminal benefits include settlement at home town for employees & dependents and farewell gift to the superannuating employees. Further, the Company also provides for pension in respect of taken over employees from erstwhile State Government Power Utility at another station.

### E. Leave

The Company provides for earned leave benefit (including compensated absences) and half-pay leave to the employees of the Company which accrue annually at 30 days and 20 days respectively. 75 % of the earned leave is en-cashable while in service and a maximum of 300 days on superannuation. Half-pay leave is en-cashable only on superannuation up to the maximum of 240 days as per the rules of the Company. The liability for the same is recognised on the basis of actuarial valuation.

The above mentioned schemes (C, D and E) are unfunded and are recognised on the basis of actuarial valuation.



## NTPC Limited Consolidated Financial Statements

The summarised position of various defined benefits recognised in the profit and loss account, balance sheet are as under:

(Figures given in { } represents previous year)

## i) Expenses recognised in Profit &amp; Loss Account

Rs. million

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Current Service Cost	496 {407}	77 {68}	391 {313}	54 {423}
Past Service Cost	4,144 {-}	- {-}	- {-}	- {-}
Interest cost on benefit obligation	376 {368}	123 {116}	361 {313}	71 {72}
Expected return on plan assets	(371) {(353)}	- {-}	- {-}	- {-}
Net actuarial (gain)/ loss recognised in the year	192 {150}	212 {143}	1,111 {1,071}	165 {(372)}
Expenses recognised in the Profit & Loss A/c	4,837 {572}	412 {327}	1,863 {1,697}	290 {123}

## ii) The amount recognised in the Balance Sheet

Rs. million

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Present value of obligation as at 31.3.2009 (i)	10,409 {5,361}	2,133 {1,750}	6,479 {5,160}	1,255 {1,017}
Fair value of plan assets as at 31.3.2009 (ii)	5,364 {4,623}	- {-}	- {-}	- {-}
Difference (ii) - (i)	(5,045) {(738)}	(2,133) {(1,750)}	(6,479) {(5,160)}	(1,255) {(1,017)}
Net asset /(liability) recognised in the Balance Sheet	(5,045) {(738)}	(2,133) {(1,750)}	(6,479) {(5,160)}	(1,255) {(1,017)}

## iii) Changes in the present value of the defined benefit obligations:

Rs. million

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Present value of obligation as at 1.4.2008	5,361 {4,599}	1,750 {1,452}	5,160 {3,916}	1,017 {896}
Interest cost	376 {368}	123 {116}	361 {313}	71 {72}
Current Service Cost	496 {407}	77 {68}	391 {314}	54 {423}
Past Service Cost	4144 {-}	- {-}	- {-}	- {-}
Benefits paid	(211) {(167)}	(29) {(29)}	(544) {(454)}	(52) {(2)}
Net actuarial (gain)/ loss on obligation	243 {154}	212 {143}	1,111 {1,071}	165 {(372)}
Present value of the defined benefit obligation as at 31.3.2009	10,409 {5,361}	2,133 {1,750}	6,479 {5,160}	1,255 {1,017}



### NTPC Limited Consolidated Financial Statements

#### iv) Changes in the fair value of plan assets:

Rs. million

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Fair value of plan assets as at 1.4.2008	4,623 (4,415)	- (-)	- (-)	- (-)
Expected return on plan assets	371 (353)	- (-)	- (-)	- (-)
Contributions by employer	512 (6)	- (-)	- (-)	- (-)
Benefit paid	(193) (1155)	- (-)	- (-)	- (-)
Actuarial gain / (loss)	51 (4)	- (-)	- (-)	- (-)
Fair value of plan assets as at 31.3.2009	5,364 (4,623)	- (-)	- (-)	- (-)

#### v) The effect of one percentage point increase/decrease in the medical cost of PRMF will be as under:

(Rs. million)

Particulars	Increase by	Decrease by
Service and Interest cost	32	26
Present value of obligation	398	319

#### F. Other Employee Benefits

Provision for Long Service Award and Family Economic Rehabilitation Scheme amounting to **Rs.16 million** (previous year Rs.34 million) for the year have been made on the basis of actuarial valuation at the year end and charged to the profit & loss account.

#### G. Details of the Plan Asset

The details of the plan assets at cost as on 31<sup>st</sup> March are as follows:

(Rs. million)

	2009	2008
i) State Government securities	938	903
ii) Central Government securities	1,824	1,643
iii) Corporate Bonds/ debentures	2,236	1,825
iv) RBI Special Deposit	240	240
Total	5,238	4,611

#### H. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

i) Method used	Projected Unit Credit Method	
ii) Discount rate		7.00 %
iii) Expected rate of return on assets	- Gratuity - Pension	8.00 % 9.00 %
iv) Future salary increase		4.50 %

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

#### I. Actual return on Plan Assets **Rs. 423 million** ( Previous year Rs.357 million).

#### 17. The effect of foreign exchange fluctuation during the year is as under:

- The amount of exchange differences (net) debited to the Profit & Loss Account is **Rs. 244 million** (previous year credit of Rs.106 million).
- The amount of exchange differences debited to the carrying amount of fixed assets and Capital work-in-progress is **Rs.11,655 million** (previous year credit of Rs. 234 million).

## NTPC Limited Consolidated Financial Statements

18. Borrowing costs capitalised during the year is **Rs. 13,356 million** (previous year Rs.6,685 million).

19. Segment information:

- a) Business Segment:- The Company's principal business is generation and sale of bulk power to State Power Utilities. Other business includes providing consultancy, project management and supervision, oil and gas exploration and coal mining.
- b) Segment Revenue and Expense Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as Segment Expenses.
- c) Segment Assets and Liabilities Segment assets include all operating assets in respective segments comprising of net fixed assets and current assets, loans and advances. Construction work-in-progress, construction stores and advances are included in unallocated corporate and other assets. Segment liabilities include operating liabilities and provisions.

Rs. million

	Business Segments				Total	
	Generation		Others			
		Current Year	Previous Year	Current Year	Previous Year	Current Year
Revenue :						
Sale of Energy/Consultancy, Project Management and Supervision fees*	422,739	373,783	19,714	12,567	442,453	386,350
Internal Consumption of Electricity	514	409	-	-	514	409
Total	423,253	374,192	19,714	12,567	442,967	386,759
Segment Result#	90,232	91,754	1,281	617	91,513	92,371
Unallocated Corporate Interest and Other Income	-	-	-	-	30,736	27,988
Unallocated Corporate expenses, interest and finance charges	-	-	-	-	29,176	16,849
Income Taxes (Net)	-	-	-	-	12,148	28,811
Profit after Tax	-	-	-	-	80,925	74,699
Segment assets	448,712	345,569	10,108	5,492	458,820	351,061
Unallocated Corporate and other assets	-	-	-	-	651,461	584,472
Total assets	448,712	345,569	10,108	5,492	1,110,281	935,533
Segment liabilities	89,086	64,671	8,289	4,180	97,375	68,851
Unallocated Corporate and other liabilities					437,168	336,811
Total liabilities	89,086	64,671	8,289	4,180	534,543	405,662
Depreciation	24,675	21,885	7	6	24,682	21,891
Non-cash expenses other than Depreciation	246	63	51	4	297	67
Capital Expenditure	149,680	96,701	391	168	150,071	96,869

\* Includes **Rs. 10,201 million** (previous year Rs.11,336 million) for sales related to earlier years

# Segment result would have been **Rs.80,031 million** (previous year Rs.80,418 million) without including the sales related to earlier years.

- d) The operations of the Company are mainly carried out within the country and therefore, geographical segments are inapplicable.

20. Related party disclosures

a) Related parties:

Key Management Personnel:

A. NTPC Ltd.

Shri T. Sankaralingam  
Shri R.S. Sharma  
Shri Chandan Roy

Chairman and Managing Director <sup>1</sup>  
Chairman and Managing Director <sup>2</sup>  
Director (Operations)



### NTPC Limited Consolidated Financial Statements

Shri R.K. Jain  
Shri A.K. Singhal  
Shri R.C. Shrivastav  
Shri K.B. Dubey  
Shri I.J. Kapoor

Director (Technical)  
Director (Finance)  
Director (Human Resources)  
Director (Projects)  
Director (Commercial)<sup>3</sup>

#### B. NTPC Alstom Power Services Ltd.

Shri K.K.Seth  
Shri R.N.Sen  
Shri D.K.Sardana  
Shri Rakesh Amol

Managing Director<sup>4</sup>  
Managing Director  
Whole time Director<sup>5</sup>  
Whole time Director<sup>6</sup>

#### C. Utility Powertech Ltd.

Shri I.S.Paraswal

Chief Executive

1. Superannuated on 30<sup>th</sup> April 2008

2. Director (Commercial) from 1<sup>st</sup> April 2008 to 30<sup>th</sup> April 2008 and assumed charge as Chairman and Managing Director w.e.f 1<sup>st</sup> May 2008.

3. W.e.f 26<sup>th</sup> December 2008

4. Upto 31<sup>st</sup> January, 2008

5. Ceased to be Director w.e.f. 6<sup>th</sup> November, 2008

6. W.e.f. 6<sup>th</sup> November, 2008

b) Remuneration to key management personnel is **Rs. 19 million** (previous year Rs.15 million) and amount of dues outstanding to the Company as on 31<sup>st</sup> March 2008 are **Rs.4 million** (previous year Rs.1 million).

#### 21. Disclosure regarding leases

##### a) Finance leases

The Company has taken on lease certain vehicles and has the option to purchase the vehicles as per terms of the lease agreements, details of which are as under:

		Rs. million	
		31.03.2009	31.03.2008
a)	Outstanding balance of minimum lease payments		
	• Not later than one year	6	4
	• Later than one year and not later than five years	14	5
	Total	20	9
b)	Present value of (a) above		
	• Not later than one year	4	3
	• Later than one year and not later than five years	12	4
	Total	16	7
c)	Finance Charges	4	2

##### b) Operating leases

The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Schedule 20 - Employees' remuneration and benefits include **Rs.330 million** (previous year Rs.245 million) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and guest house/transit camps are shown as Rent in Schedule 21 - Generation, Administration and Other expenses.

#### 22. The elements considered for calculation of Earning Per Share (Basic and Diluted) are as under:

	Current Year	Previous Year
Net Profit after Tax used as numerator (Rs. Million)	80,925	74,699
Weighted average number of equity shares used as denominator	8245,464,400	8245,464,400
Earnings per share (Basic and Diluted) Rupees	9.81	9.06
Face value per share (Rupees)	10/-	10/-



### NTPC Limited Consolidated Financial Statements

23. The item-wise details of deferred tax liability (net) are as under:

(Rs. million)

	31.03.2009	31.03.2008
Deferred tax liability		
i) Difference of book depreciation and tax depreciation	70,222	71,088
Less: Deferred tax assets		
i) Provisions & Other disallowances for tax purposes	15,318	12,237
ii) Disallowed u/s 43B of the Income Tax Act, 1961	3,385	2,808
	18,703	15,045
Deferred tax liability (net)	51,519	56,043

The net decrease in the deferred tax liability of **Rs.4,524 million** (previous year increase Rs.1,516 million) and the same is recoverable / payable from the customers, on becoming part of the current tax.

24. Research and Development expenditure charged to revenue during the year is **Rs. 81 million** (previous year Rs.62 million).

25. Foreign currency exposure not hedged by a derivative instrument or otherwise:

Sl. No	Particulars	Currencies	Amount Rs. million	
			31.03.2009	31.03.2008
a.	Borrowings, including interest accrued but not due thereon.	USD	74,612	53,076
		JPY	32,339	25,519
		Others	4,727	649
b.	Sundry creditors/deposits and retention monies	USD	6,904	6,425
		EURO	1,237	1,720
		Others	997	914
c.	Sundry debtor and Bank balances	GBP	-	101
		USD	119	51
		EURO	310	305
d.	Unexecuted amount of contracts remaining to be executed	USD	43,818	31,842
		EURO	40,270	15,994
		Others	587	2,147

26. The pre-commissioning expenses during the year amounting to **Rs.1,689 million** (previous year Rs.1,750 million) have been included in Fixed Assets/Capital work-in-progress after adjustment of pre-commissioning sales of **Rs.1,610 million** (previous year Rs.721 million) resulting in a net pre-commissioning expenditure of **Rs.79 million** (previous year Rs.1,029 million).

27. Estimated amount of contracts remaining to be executed on capital account and not provided for is **Rs.647,315 million** (previous year Rs.294,766 million) which include an amount of **Rs.36,936 million** (previous year Rs.31,256 million) in respect of jointly controlled entities.

#### 28. Contingent Liabilities:

##### 1. Claims against the Company not acknowledged as debts in respect of:

###### (i) Capital Works

Some of the contractors for supply and installation of equipments and execution of works at our projects have lodged claims on the Company for **Rs. 46,623 million** (previous year Rs.11,255 million) seeking enhancement of the contract price, revision of work schedule with price escalation, compensation for the extended period of work, idle charges etc. These claims are being contested by the Company as being not admissible in terms of the provisions of the respective contracts.

The company is pursuing various options under the dispute resolution mechanism available in the contract for settlement of these claims. It is not practicable to make a realistic estimate of the outflow of resources for settlement of such claims pending resolution.

###### (ii) Land compensation cases

In respect of land acquired for the projects, the land losers have claimed higher compensation before various authorities/courts which are yet to be settled. In such cases, contingent liability of **Rs. 15,515 million** (previous year Rs.10,465 million) has been estimated.

###### (iii) Others

In respect of claims made by various State/Central Government departments/Authorities towards building permission fees, penalty on diversion of agricultural land to non- agricultural use, Nala tax, Water royalty etc. and by others, contingent liability of **Rs.12,585 million** (previous year Rs.12,923 million) has been estimated. This includes amount of Rs 2,558 million billed by the Coal supplier on account of MPGATSV tax up to 31<sup>st</sup> July 2007 which is subject matter of dispute before Supreme Court.



### NTPC Limited Consolidated Financial Statements

In respect of (i) and (ii) above, payments, if any, by the company on settlement of the claims would be eligible for inclusion in the capital cost for the purpose of determination of tariff as per CERC Regulations subject to prudence check by the CERC. In case of (iii), the estimated possible reimbursement is **Rs.2,750 million** (previous year Rs.3,443 million).

#### 2. Disputed Income Tax/Sales Tax/Service Tax / Excise demands

Demand made against the company by Central/State Tax Authorities amounting to **Rs.1,401 million** (previous year Rs.15,542 million) are disputed by the Company and contested before various Appellate Authorities. In such cases, the company estimated possible reimbursement of **Rs.131 million** (previous year Rs.10,063 million).

#### 3. Others

Unexpired Letters of credit other than for capital expenditure amount to **Rs.1,432 million** (previous year Rs.2,481 million) and other contingent liabilities amount to **Rs.1,842 million** (previous year Rs.315 million). In such cases, the company estimated possible reimbursement of **Rs. Nil** (previous year Rs.17 million).

Some of the beneficiaries have filed appeals against the tariff orders of the CERC. The amount of contingent liability in this regard is not ascertainable.

The contingent liabilities disclosed above include **Rs.737 million** (Previous year Rs.736 million) share of jointly controlled entities.

29 For certain items, the Company and its Joint Ventures have followed different accounting policies. However, impact of the same is not material.

30 Figures have been rounded off to nearest rupees in millions.

31 Previous year figures have been regrouped/rearranged wherever necessary.

For and on behalf of the Board of Directors

( A.K.RASTOGI )  
Company Secretary

(A.K.SINGHAL)  
Director (Finance)

( R.S. SHARMA )  
Chairman & Managing Director

As per our report of even date

For Varma and Varma  
Chartered Accountants

For B.C.Jain & Co.  
Chartered Accountants

For Parakh & Co.  
Chartered Accountants

(Cherian K. Baby)  
Partner  
M No.16043

(Ranjeet Singh)  
Partner  
M No.73488

(Aditya Rawat)  
Partner  
M No.71767

For S.K. Mittal & Co.  
Chartered Accountants

For Dass Gupta & Associates.  
Chartered Accountants

For S.K. Mehta & Co.  
Chartered Accountants

(Gaurav Mittal)  
Partner  
M No.99387

(Ashok Kumar Jain)  
Partner  
M No.90563

(Rohit Mehta)  
Partner  
M.No.91382

Place : New Delhi  
Dated : 22<sup>nd</sup> May 2009

### NTPC Limited Consolidated Financial Statements

#### AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NTPC LIMITED AND ITS SUBSIDIARIES AND JOINT VENTURES.

1. We have audited the attached Consolidated Balance Sheet of NTPC LIMITED (the Company) and its Subsidiaries and Joint Ventures (NTPC Group) as at 31<sup>st</sup> March 2009 and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the following Subsidiaries and Joint Ventures of the Company which have been audited by other auditors. The audit reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of the Subsidiaries and Joint Ventures, is based solely on the reports of the other auditors. The provisional unaudited financial statements of Joint Venture Companies viz. Ratnagiri Gas and Power Private Ltd. and National Power Exchange Ltd. have been incorporated in these accounts. The details of the assets, revenues and net cash flows in respect of these Subsidiaries and Joint Ventures to the extent to which they are reflected in the consolidated financial statements are given below:

(Rs. million)

Name of the Companies	Total Assets	Total Revenues	Net Cash Flows
<b><u>Subsidiaries:</u></b>			
NTPC Electric Supply Company Ltd.(including its 50% interest in KINESCO Power & Utilities Pvt.Ltd a joint venture with KINFRA , a statutory body of Government of Kerala)	6390	785	4098
NTPC Hydro Ltd.	858	-	6
Pipavav Power Development Company Ltd.	-	-	-
NTPC Vidyut Vyapar Nigam Ltd.	1878	19433	273
Kanti Bijlee Utpadan Nigam Ltd.	2504	-	48
Bhartiya Rail Bijlee Company Ltd	3534	-	183
<b><u>Joint Ventures:</u></b>			
Utility Powertech Ltd.	603	1192	(13)
NTPC-Alstom Power Services Pvt. Ltd.	465	298	1
NTPC-SAIL Power Company Pvt. Ltd.	16615	1348	824
NTPC-Tamilnadu Energy Company Ltd.	5686	-	(3)
Ratnagiri Gas & Power Private Ltd.	28684	3573	119
Aravali Power Company Private Ltd.	13220	-	(6)
NTPC SCCL Global Ventures Private Ltd.	-	-	-
Meja Urja Nigam Pvt.Ltd.	384	-	36
NTPC BHEL Power Projects Pvt. Ltd.	49	-	48
BF-NTPC Systems Ltd.	3	-	-
Nabinagar Power Generating Company Pvt. Ltd.	-	-	-
National Power Exchange Ltd.	8	-	8

4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements' and Accounting Standard (AS) 27, 'Financial Reporting of Interests in Joint Ventures' of the Companies (Accounting Standards), Rules 2006.

5. Further to our comments in para 3 above, we report that on the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the NTPC Group to the extent received, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India,

- i) in case of Consolidated Balance Sheet, of the state of affairs of the NTPC Group as at 31<sup>st</sup> March, 2009;
- ii) in case of Consolidated Profit & Loss Account, of the profit for the year ended on that date; and
- iii) in case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For Varma and Varma  
Chartered Accountants

(Cherian K. Baby)  
Partner  
M No.16043

For S.K. Mittal & Co.  
Chartered Accountants

(Gaurav Mittal)  
Partner  
M No.99387

For B.C.Jain & Co.  
Chartered Accountants

(Ranjeet Singh)  
Partner  
M No.73488

For Dass Gupta & Associates.  
Chartered Accountants

(Ashok Kumar Jain)  
Partner  
M No.90563

For Parakh & Co.  
Chartered Accountants

(Aditya Rawat)  
Partner  
M No.71767

For S.K. Mehta & Co.  
Chartered Accountants

(Rohit Mehta)  
Partner  
M.No.91382

Place : New Delhi  
Dated : 22<sup>nd</sup> May 2009





**NTPC Limited**

Regd. Office : NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110003

**ATTENDANCE SLIP****33rd Annual General Meeting to be held on Thursday, September 17, 2009 at 11.00 a.m.**NAME OF THE ATTENDING MEMEBR  
(IN BLOCK LETTERS)

\*Folio No.

DP ID No.

Client ID No.

No. of shares Held

NAME OF PROXY  
(IN BLOCK LETTERS, TO BE FILLED  
IN IF THE PROXY ATTENDS INSTEAD OF THE MEMBER)

I, hereby record my presence at the 33rd Annual General Meeting of the Company at Air Force Auditorium, Subroto Park, New Delhi - 110 010, on Thursday, September 17, 2009.

Signature of Member/Proxy

\*Applicable in case of shares held in Physical Form.

**NTPC Limited**

Regd. Office : NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110003

**FORM OF PROXY**

DP ID :	
Client ID :	
No. of Shares	

Regd. Folio No.:  
(in case of shares held in Physical Form)

I/We.....of.....in the District of.....being a member/ members of the above named Company, hereby appoint .....of.....in the District of.....or failing him/her .....of.....in the District of.....as my/our proxy to vote for me/us on my/our behalf at the 33rd Annual General meeting of the Company to be held on Thursday, September 17, 2009 and at any adjournments thereof.

Signed this ..... day of .....2009.

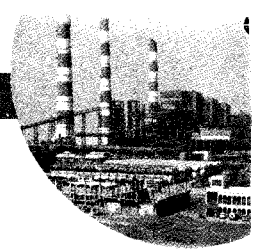
Signature

Affix One Rupee Revenue Stamp
--

This form is to be used in favour of resolution(s) no. .... and against resolution(s) no. .... Unless otherwise instructed, the Proxy will act as he thinks fit.

## Notes:

- a) The form should be signed across the stamp as per specimen signature registered with the Company.  
b) The form should be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the Meeting.



## 5<sup>th</sup> Analysts and Investors Meet



CMD and Directors at the Analysts and Investors Meet held in Mumbai recently



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NTPC believes in achieving organizational excellence through Human Resources. It follows 'People First' approach to leverage the potential of its 24,547 employees. Professional training programs, recognition systems and skill enhancement initiatives make NTPC a Learning Organization and one of the 'Great Places to Work for' in India.

NTPC is a preferred employer, workplace and is amongst the Best in Indian Corporates. The company has figured among India's top Great Places to Work for the last five consecutive years.



**NTPC Limited**

(A Govt. of India Enterprise)

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